

REPORT FOR: **CABINET**

Date of Meeting:	11 February 2010
Subject:	Revenue and Capital Monitoring to 31 December 2009
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett, Corporate Director Finance
Portfolio Holder:	Councillor David Ashton, Leader and Portfolio Holder for Strategy, Partnership and Finance
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 - Revenue commentary Appendix 2 - Housing Revenue Account Appendix 3 - Capital Monitoring Appendix 4 - Debt Management

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital forecast position as at quarter 3

Recommendations:

- (a) Note the revenue and capital forecast outturn position for 2009/10; and
- (b) Approve the amendments to the Capital Programme as set out in appendix 3.

Reason

To present the forecast financial position and actions required to be taken.

Section 2 – Report

Introduction

1. This report summarises the monitoring position as at end of December 2009. The total Directorate outturn position is £186.487m against a latest budget of £184.663m, which represents an over spend of £1.824m, a variance of 1% of the net budget. This is offset by a forecast surplus on the capital financing and investment income budget of £1.280m and inflation budget of £1.000m. A contribution of £0.250m is earmarked for Adult Care as explained in paragraph 8 and 9, resulting in the total forecast net under spend of £0.206m.

The table below summarises the position:

Original Budget	Directorate	Latest Budget	Forecast Outturn	Variation				Par a No
				Period 09		Period 06	2008/09	
£000		£000	£000	£000	%	£000	£000	
22,483	Corporate Finance	22,554	22,554	0	0.0	0	-486	
942	Legal and Governance	950	1,016	66	6.9	-12	69	
2,508	Chief Executive	4559	4,564	5	0.1	68	-323	
25,933	Sub total Corporate	28,063	28,134	71	0.3	56	-740	6
65,191	Adults & Housing	64,643	64,827	184	0.3	298	-1,863	2
38,835	Children's	39,874	41,544	1,670	4.2	1,616	615	3
46,917	Community and Environment	47,231	47,179	-52	-0.1	-93	-2,820	4
4,368	Place Shaping	4,852	4,803	-49	-1.0	-68	-175	5
181,244	Sub total Directorate	184,663	186,487	1,824	1.0	1,809	-4,983	
-7,162	Capital Financing and Investment Income	-6,144	-7,424	-1,280	-20.8	-1,280	-3,391	7
2,620	Pay Inflation	2,620	1,620	-1,000	38.2	-1,000	0	7
	Earmarked Reserve – Adult Care	0	250	250	100.0			8 & 9
176,702	Total	181,139	180,933	-206	-0.1	-471	-8,374	

Revenue Budget

2. Adults and Housing are forecasting an over spend of £0.184m. This is an improvement of £0.114m on quarter 2. The main reason for the adverse variation is due to the full year effect of an increase in client numbers on physical disability and learning disability. These costs are partly offset by an under spend on older people in 2009/10 and management action.
3. Children's services are projecting an over spend of £1.670m. This is mainly due to areas of underlying pressure carried forward from 2008/09. The pressure arises in Special Needs Transport £0.760m, placement costs £0.915m; challenges in recruiting social workers £0.162m and a reduction in Exceptional Circumstances Grant resulting in a pressure of £0.108m on Asylum Seekers. Work is being done with Capita to drive down placement costs and other related

allowances for future years. It is not possible to eradicate the over spend in year but an action plan has been implemented to restrict all non essential expenditure.

4. Community and Environment are reporting a net under spend of £0.052m. Of this £0.258m is in respect of Property and Infrastructure and £0.154m on Public Realm Services. This is off set by an over spend on Community Safety totalling £0.307m mainly attributable to a shortfall on parking income. A review of parking and enforcement is underway to ensure that the 2010/11 budgeted increase in income is deliverable. For Cultural Services there is an over spend of £0.107m mainly attributable to pressures on the Leisure Centre and Arts Centre.
5. Place Shaping are reporting a net under spend of £0.049m. This has resulted from under spends within Business Management and Planning Services on employee costs due to vacancies and an increase in income from Building Control. These under spends are 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 £0.071m. This mostly represents a small shortfall on the voluntary severance scheme. This is offset by a favourable variance on employee costs.
7. There is a forecast net surplus on the capital financing and investment income budget of £1.280m and £1.000m on pay inflation after allowing for the pay settlement of 1%.
8. Cabinet members will be aware of the recent announcements by government on free personal social care. The proposal is to make home care free for certain people with critical needs. At national level, the total cost is estimated to be in the region of £670m. Approximately two thirds of the cost, £420m, will be met from additional grant (to be diverted from the Department of Health to local government), and the remaining £250m will have to be met by local authorities. Clearly, it is highly unlikely that the grant to Harrow will meet the full cost to the Council. A consultation is underway. If the changes go ahead they will take effect from 1 October 2010. It is difficult to quantify the implications for Harrow at this stage as there are a number of options in the consultation document for the allocation of grant, and the administration will be very complex.
9. It is estimated that free personal care will cost the council something in the order of £0.5m a year. This has been factored into the MTFS from 2011/12. For 2010/11, the cost of £250k will be met from the anticipated under spend carried forward from 2009/10.

Housing Revenue Account

10. The overall forecast in year deficit has increased by £0.139m to £1.195m compared to the approved deficit by February 2009 Cabinet of £1.056m. The main reason for the adverse variation is due to an increase in responsive repairs expenditure and an increase in the volume and length of voids resulting in lower levels of rental income and an increase in repairs expenditure.

Savings Targets

11. 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 around SEN transport in Children's and some pressures around achievement of savings are being managed in Adults and Community and Environment.

General Balances

12. 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 £0.206m after earmarking £0.250m for Adult Care, the latest consolidated general balances position is forecast as £6.422m at the end of December.

Capital Programme

13. General Fund

- The original budget for 2009/10 was £54.046m of which £22.5m is grant funded. This has increased by £30.229m slippage carried forward from 2008/09 and in-year changes (rephasings, additions and savings) amounting to £21.877m approved at the December Cabinet. The total revised programme stands at £106.151m
- Approval is sought for the proposed changes set out at Appendix 3. These are additions of £1.489m, which are mostly grant funded and savings and rephasings of £3.075m bringing the total general fund proposed capital programme for approval to £104.565m of which £68.203m is grant funded.
- There is a current projected outturn of £95.436m. This equates to a variance, of £9.129m which mainly relates to strategic development projects £1.250m which are being reviewed and £7.2m of mostly grant funded projects in Children's services.

14. HRA

- The original budget for 2009/10 was £7.000m which has increased by £3.114m slippage carried forward from 2008/09 and an addition of £2.900m to meet the decent homes standards. This quarter there is slippage reported of £0.400m which is being rephased into 2010/11. This brings the total HRA programme to £12.614m.

Debt Management

15. The latest position on Council Tax shows a potential surplus of £0.786m in respect of the bad debt provision. As part of the budget setting process for 2010/11, £0.725m has already been taken account of and reported to the January Cabinet as the estimated surplus on the Collection Fund.

16. NNDR collection shows a potential overprovision of £0.165m. This position will be closely monitored. There is no direct financial impact on the Council as business rates are a call on the national non-domestic rate pool of central government.

17. The arrears on Housing Benefits show a potential increase in the Bad Debt Provision of £0.464m which will be funded from the existing budgets earmarked

for this purpose. The position is being closely monitored and will be reviewed in line with other bad debt provisions.

18. Following close monitoring of older debt and the cleansing exercise carried out in the early part of 2009 there is a potential surplus of £0.043m 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

19. The council continues to improve and embed good financial management. One of the key aims is to improve the robustness of monitoring and forecasting. All budget holders are trained and required to use the SAP system to manage their budgets. There is an increase in most of the directorates in the number of managers using the SAP system to forecast their outturn position. The position as at period 09 is summarised in the table below

Managers using SAP to forecast	As at period 06 %	As at period 09 %
Assistant Chief Executive	81	88
Legal	100	100
Corporate Finance	100	88
Community and Environment	88	83
Place Shaping	100	100
Children's	65	95
Adult and Housing	63	88

20. The target for all directorates is 100% by 31 March 2010 and the quality and robustness of the forecasting is being challenged on a monthly basis.

Financial Implications

21. These are integral to the report.

Performance Issues

22. Financial Reporting is scored as part of the Use of Resources (UoR) element of the Comprehensive Area Assessment.

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

Environmental Impact

23. There are none directly related to this report.

Risk Management Implications

24. 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

Corporate Priorities

25. This report deals with the Revenue and Capital monitoring which is a key to delivering the Council's corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett



Chief Financial Officer

Date: 21 January 2010

Name: Hugh Peart



Monitoring Officer

Date: 20 January 2010

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap



Divisional Director
Partnership Development
and Performance

Date: 20 January 2010

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
Environmental Services

Date: 21 January 2010

Section 6 - Contact Details and Background Papers

Contact: Jennifer Hydari (Divisional Director, Finance & Procurement) Tel:
020-8424-1393 / Email: jennifer.hydari@harrow.gov.uk

Background Papers:

Revenue and Capital Monitoring 2009/10 report to December Cabinet

Call-In Waived by the NO
Chairman of Overview
and Scrutiny Committee

CORPORATE

1. The forecast outturn for the corporate departments is summarised below.

Service	Revised Budget	Forecast Outturn	Variance			
			Period 09		Period 06	2008/09
			£000	%	£000	£000
Corporate Finance - main	22,523	22,523	0	0	0	-395
Corporate Items - CF	31	31	0	0	0	-91
Corporate Finance Total	22,554	22,554	0	0		-486
Legal & Governance	950	1016	66	6.9	-12	69
Asst Chief Exec Dept	5,604	5,529	-75	-1.3	0	-488
Corporate Items - ACE	-1,045	-965	80	7.7	68	165
Chief Executive Total	4,559	4,564	5	0.1	68	-323
Total	28,063	28,134	71	0.3	56	-740

2. **Corporate Finance** - The department is forecasting a net nil variance overall. Within this there are a number of services with pressures on their salary budgets. There is also a cost of £130k in relation to insurance cover following the end of London Authorities Mutual Limited. These pressures are being managed primarily through vacancy management across all services areas.
3. **Legal & Governance** - Whilst land charges income is currently on target for the year, this is a volatile area of income. The net position includes estimated costs of £84k in relation to the set up costs needed to bring the Children's service legal currently outsourced to Camden, back in house. The costs of running the service in house are less than the cost of outsourcing and this change will enable the service to be delivered within budget in 2010/11.
4. **Chief Executive** - The department is currently forecasting to come in under budget by £75k, primarily relating to unfilled vacancies across the department. This is offset by a small shortfall on the voluntary severance scheme saving of £80k against the target of £1M.

ADULTS AND HOUSING

5. The service is forecasting an over spend of £184k. This is a reduction of £114k compared to the previous period.

Service	Revised Budget	Forecast Outturn	Variance			
			Period 09		Period 06	2008/09
			£000	%	£000	£000
Community Care	41,854	42,124	270	0.6	365	-456
Commissioning & Partnerships	16,674	16,567	-107	-0.6	-133	-888
Housing GF	4,850	4,701	-149	-3.1	-117	-122
Strategic Management	1,265	1,435	170	13.4	183	-397
Total	64,643	64,827	184	0.3	298	-1,863
HRA	1,056	1,195	139	13.2	74	428

6. The position reported reflects known and quantifiable pressures. Detailed below are potential risks which are being monitored. They are excluded from the financial position reported above:

- Potential costs in 2009/10 of £150k plus legal costs in relation to the Brent Primary Care Trust legal challenge over 9 clients;
- Primary Care Trust financial recovery plan – impact could result in client shifts from continuing care to social care. An increase in the number of clients (mainly learning and physically disabled clients) identified as no longer meeting continuing health care is being evidenced and is included in the position reported to date;
- Pressures in relation to achievement of performance targets, particularly in relation to the personalisation agenda; and

7. **Community Care** – The overspend of £270k is summarised below:-

- Over spends on Physical Disabilities of £468k and £195k on Learning Disabilities are offset by an under spend of £385k on Older Peoples services. The over spend in the main relates to salary pressures and an increased number of clients;
- A full review is underway as at the end of December to ensure the position being reported is accurate, together with a further review of packages to ensure the continued robust application of the eligibility criteria;
- Savings of £100k (part year) in relation to the revenue costs of the Neighbourhood Resource Centre; and
- Application of grant funding (Learning Disability Development Fund) to contain pressures.

8. **Commissioning & Partnerships** – The under spend of £107k is summarised on the next page:-

- Community equipment is expected to overspend by £220k resulting from increased prescribing. This is offset by an under spend on Helpline of £40k in relation to salaries costs. There is a risk of £180k if the Primary Care Trust does not pay their contribution for increased prescribing of equipment. The position will be monitored closely;
- Salary under spends of £207k in relation to the staffing costs for the Support for Living managed homes;
- Savings of £60k in relation to realignment of FWI licence costs, offset in part by additional agency costs of £30k;
- Salary under spends across the division; and
- The under spend on the Supporting People grant is estimated at £1.75m (This includes under spend of £1.55m b/fwd from 2008/09). Subject to the approval by the Commissioning Body the Medium Term Financial Strategy 2010/11 will seek to utilise some of the grant under spends. Work is underway to identify whether any of these resources can be utilised in 2009/10.

9. Housing GF – The under spend of £149k is summarised below:-

- An under spend on Housing Needs of £96k, reflecting in the main lower number of families in bed & breakfast, offset by a shortfall in the Medium Term Financial Strategy savings in relation to the income anticipated to be generated by private sector leasing;
- Under spends as a result of the delay in filling vacant posts of £36k; and
- Further work is required to review the Homelessness, Overcrowding and Mortgage Assistance grants to identify whether any base revenue funding can be released to assist in managing expenditure across the division within budget. These grants are currently under spending by approximately £0.130m, however, grant conditions allow these to be carried forward into 2010/11.

10. Strategic Management – The over spend of £170k is summarised below:-

- Savings not yet identified to achieve the efficiency saving of £140k in relation to Business Transformation Project (this may be funded by the backdated Bus Service Operators Grant claim which has yet to be audited and agreed by the Department of Transport); and
- Increased costs (invest to save) £30k of the West London Alliance joint procurement unit, partly resourced by the leaders fund.

11. Housing Revenue Account – The overspend of £139k is summarised below:-

- Repairs expenditure overspending by £468k (which will be funded by the provision set aside for this contingent item). The repairs increase represents increased cost and volume in relation to void dwellings and an increase in responsive repairs, partly attributable to boiler replacements (some of which has been capitalised against the Decent Homes programme);
- A lower level of capital charges (£497k), partly offset by a reduction in subsidy in relation to borrowing costs (£347k);
- Lower levels of rental income (£263k) for both dwellings and non-dwellings representing the increase in the volume and length of voids; and
- It may be possible to reduce the over spend by accruing for compensation for loss of rental income which is paid as part of subsidy in 2010/11. This is being investigated and will be reported next period.

CHILDREN'S SERVICES

12. The current forecast outturn is an over spend of £1,670k a slight increase of £54k on quarter 2.

Service	Revised Budget	Forecast Outturn	Variance			
			Period 09		Period 06	2008/09
			£000	%	£000	£000
School Development	2,106	2,024	-82	-3.9	0	-232
Children's Services Management	2,192	2,185	-7	-0.3	-15	-119
Early Years Service	1,732	1,721	-11	-0.6	-9	-267
Safeguarding, Family Placement and Support	13,167	13,602	435	3.3	372	520
Special Needs Service	8,248	8,933	685	8.3	760	354
Young People's Service	7,743	8,393	650	8.4	508	338
Schools	4,686	4,686	0	0	0	21
Total	39,874	41,544	1,670	4.2	1,616	615

13. **Safeguarding, Family Placement and Support** - The £435k over spend is made up of the following elements:

- Children's placement costs pressures, including Honeypot Lane, are expected to be at least £323k. Capita has been engaged to assist the work of the placement and commissioning team in driving down placement costs and other allowances. Whilst this is unlikely to make a significant saving in 2009/10 it should ensure the service is well placed to deliver the efficiency savings required in 2010/11;
- 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. Permanent staff have now been recruited which should prevent any further increases in costs;
- Savings of at least £68k are expected to be achieved from a review of the Childrens and Adolescents Mental Health Service (CAMHS) plus restricting all non essential expenditure; and
- There is a possibility that approximately £100k of the above placement costs may be eligible for Unaccompanied Asylum Seeking Children's grant. This is being pursued with the UK Border Agency and if agreed would result in a fall in forecast overspend for the year.

14. **Special Needs Service** – The net over spend of £0.685m is due to the home to school transport service is expected to overspend by £760k which resulted from failure to achieve the budgeted savings. This is offset by savings of £75k which are expected to be achieved from a range of measures to restrict all non essential expenditure.

Appendix 1

The service is currently submitting an application for Bus Service Operators Grant, which would provide a rebate on fuel costs incurred by the Special Needs Transport Service of approximately £90k per annum. This is being undertaken in conjunction with Capita and will go towards meeting the 2009/10 efficiency target. In addition the council may be eligible for back dated claims relating to previous financial years however this is subject to audit. This potential grant income has not been assumed in the quarter 3 projected outturn.

15. Young People's Service - The £650k overspend is made up of the following elements:

- The Leaving Care placements budget is currently expected to overspend by a total of £592k. This is an increase on the previous period which relates to 2 clients where the placement costs are higher than forecast;
- Savings of £50k are expected to be achieved from the implementation of the action plan to restrict all non essential expenditure; and
- The UK Border Agency has confirmed the exceptional circumstances grant for 2009/10 at £96k, this is a significant reduction on the £300k paid in 2008/09. No further exceptional circumstances payments are expected and as a consequence there is a pressure of £108k on Asylum Seekers.

COMMUNITY AND ENVIRONMENT SERVICES

Service	Revised Budget	Forecast Outturn	Variance			
			Period 09		Period 06	2008/09
			£000	%	£000	£000
Community & Culture	10,191	10,297	106	1.0	97	-318
Environment	35,853	35,699	-154	-0.4	-86	-2,360
Directorate Support & Performance	923	919	-4	-0.4	-104	-118
Corporate & Democratic Services	264	264	0	0	0	-24
Total	47,231	47,179	-52	0.1	-93	-2,820

16. Community and Culture – The total over spend of £106k is summarised below:

- Community Development is forecasting an under spend of £139k which mainly results from employees costs;
- Cultural Services is forecasting an overspend of £297k. This is mainly attributable to higher than anticipated building maintenance costs on the Leisure Centre, additional expenditure in respect of the Leisure trust, additional costs at the Art Centre; and equipment maintenance costs; and
- Libraries and museums is forecasting a £52k under spend which is mainly from additional income from the Wealdstone Centre.

17. Environment – The forecast under spend of £154k is summarised below:-

- Community Safety is forecasting an over spend of £307k which mainly results - from a shortfall of income on car parks and parking. This performance should be judged in recognition of the fact that an additional net £1.4m was budgeted to be achieved in 2009/10 and that the economic climate has resulted in a downturn on the high street and thus less car usage. The situation is being closely monitored and measures are continually being considered to offset the shortfall where feasible;
- Property & infrastructure is forecasting to achieve an under spend of £258k which mainly results from deferment of the procurement of the Street Lighting PFI, increased street works and traffic and lower pressures on staffing. Currently, in the process of assessing the impact of the recent adverse weather on the roads and highways; and
- Public Realm Services are forecasting to achieve an under spend of £154k which mainly results from lower contract, staff and fuel costs across the services.

PLACE SHAPING

18. The latest forecasts indicate that the service will achieve a £49k under spend compared to the budget. However, the economic climate still remains depressed, and adverse weather conditions may impact on the accuracy of projections for Development Management and Building Control income, together with the uncertainty of further capital receipts. The adverse conditions have added to the reduction in income. Further details are provided in the table below:

Service	Revised Budget	Forecast Outturn	Variance			
			Period 09		Period 06	2008/09
			£000	%	£000	£000
Business Management	1,070	979	-91	-8.5	-35	-155
Planning Services	2,796	2,825	29	1.0	-110	45
Economic Development Research & Enterprise	874	999	125	14.3	28	-202
Major Development Projects	265	203	-62	-23.4	5	16
Corporate Estate	-153	-203	-50	-32.7	44	121
Total	4,852	4,803	-49	-1.4	-68	-175

19. **Business Management** - The projected under spend is attributed to staffing cost savings and tight expenditure control on small budgets with more accurate recharges.

20. **Planning Services** – The adverse variance of £0.029m is summarised below:-

- **Design & Conservation** - An under spend in salaries of circa £118k is projected due to vacancy management to help mitigate against any potential reduction in income from Development Management and Building Control;
- **Development Management Income** – The adverse forecast position is primarily due to general economic conditions; and
- **Building Control Income** - it is expected to achieve £22k in excess of the budgeted level.

21. **Economic Development Research & Enterprise** - The projected over spend is due to the reduction of capital recharges for the current capital programme and higher consumable costs offset by salary cost savings. Work is continuing to reduce this projected overspend.

22. **Major Development Projects** - The favourable variance is essentially due to more effective recharging offset by salary pressures.

23. **Corporate Estate** - over spend is resulting from lack of capital receipts which are required to resource the cost of the estate team.

HOUSING REVENUE ACCOUNT (HRA) - FORECAST OUTTURN 2009/10

Period 09 : Outturn December 2009

	Approved Budget 2009/10 £000	Forecast 2009/10 £000	Variance £000	Variance (%)	Comments
Operating Expenditure :					
Employee Costs	1,919	1,902	-17	-1%	
Supplies & Services	455	419	-36	-8%	The under spend is in respect of over accrual.
Utility Cost (Water & Gas)	626	619	-8	-1%	
Estate & Sheltered Services	1,957	2,024	67	3%	The over spend is in respect of employees cost
Central Recharges	1,883	1,883	0	0%	
Total Operating Expenditure	6,840	6,847	7	0%	
Repairs Expenditure :					
Repairs - Voids	400	697	297	74%	A review of voids expenditure to date has identified an improvement in average unit costs, down from £2,039 (period 06) to £1,860 per void (period 08). The projected outturn includes assumed capitalisation of £101k, contribution to the contractor's overheads and relatively stable volume levels over the remainder of the financial year
Repairs - Responsive	2,436	2,654	218	9%	A review of the unit cost of responsive repairs, estimated contribution to contractor overheads and assuming volume levels remain reasonably stable for the remainder of the financial year, an overspend has been identified.
Repairs - Other	2,327	2,280	-48	-2%	Other repairs includes variations arising mainly from the External Decorations & Cyclical Maintenance programmes and salaries.
Total Repairs Expenditure	5,163	5,631	468	9%	
Contingency - General	640	172	-468	-73%	The Contingency budget includes £140k general contingency together with a further earmarked for major repairs works. The general contingency is expected to be fully utilised to accommodate the "Lean" project, Access Harrow Pilot and the planned Housing Services Review. Assuming no further calls on this contingency, the balance is expected to cover the forecast overspend on Repairs.

Appendix 2

	Approved Budget 2009/10 £000	Forecast 2009/10 £000	Variance £000	Variance (%)	Comments
Charges for Capital	6,945	6,447	-497	-7%	The variation arises primarily from the reduction in the Consolidated Rate of Interest from the 5.45% assumed in the budget to the current estimate of 4.72% which is also reflected in the Council's subsidy forecast.
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 (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. These are being reviewed gauge the impact on HRA.
HRA Subsidy	6,214	6,561	347	6%	The variation on the Subsidy largely offsets the related variation on Charges for Capital (see above) and is based the revision of the Consolidated Rate of Interest.
Total Other Expenditure	14,048	13,431	-618	-4%	
Total Expenditure	26,051	25,908	-143	-1%	
Income					
Rent Income – Dwellings	22,000	21,788	211	-1%	The budget assumed a void rate of 0.58% for Non-Sheltered accommodation. The average voids rate is higher than expected and has been assumed to continue to the end of the year.
Rent Income – Non Dwellings	870	833	37	-4%	The budget for Garage income assumed a void rate of 32.26%. The voids rate has increased and is partly attributable to the state of repair of some garages together with lower than expected demand.
Service Charges - Tenants	1,150	1,136	15	-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	365	15	-4%	Service charges to Leaseholders are being reviewed by the Leasehold Services Team to ensure relevant expenditure is adequately recovered.
Facility Charges (Water & Gas)	487	483	5	-1%	An under recovery of £135k in the year due to price increases not fully passed to tenants.
Interest	17	12	5	-32%	
Other Income	8	14	-6	76%	

Appendix 2

	Approved Budget 2009/10 £000	Forecast 2009/10 £000	Variance £000	Variance (%)	Comments
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	24,713	282	-1%	
In Year Deficit / (Surplus)	1,056	1,195	139	13%	
BALANCE brought forward	-5,142	-5,142			
BALANCE carried forward	-4,087	-3,947			

Capital Monitoring as at Period 09

	2009-10										
	Original Capital Programme	Approved carry forwards from 2008-09	Approved changes for Periods 1 to 6	Revised Capital Programme as at Period 06	Current Quarter		Capital Programme proposed for Members approval	Forecast Outturn	Variance	Actuals + Commitments as at Pd 9	% Spend as at Qtr 3 of Revised Capital Programme
					Additions	Savings/Rephasings					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
General Fund											
Corporate Finance & Strategy	10,935	6,380	-3,375	13,940	82	-2,160	11,862	11,862	0	4,566	38
Children's Services	25,035	17,858	20,198	63,091	70	0	63,161	55,994	-7,167	47,370	85
Adults and Housing GF	3,337	2,762	-450	5,649	840	-797	5,692	5,184	-508	3,445	66
Community & Env.	11,874	2,004	5,504	19,382	497	-44	19,835	19,735	-100	11,801	60
Place Shaping	2,115	1,224	0	3,339	0	-74	3,265	2,015	-1,250	759	38
Capitalisation	750	0	0	750	0	0	750	646	-104	0	0
Total Programme	54,046	30,228	21,877	106,151	1,489	-3,075	104,565	95,436	-9,129	67,941	71
Funding											
Grant	22,531	20,509	24,646	67,686	1,407	-890	68,203	61,245	-6,958	50,146	74
Capital Receipt	0	0	0	0	0	0	0	884	884	884	1
Borrowings	31,515	9,719	-2,769	38,465	82	-2,185	36,362	33,307	-3,055	16,911	25
Total Funding	54,046	30,228	21,877	106,151	1,489	-3,075	104,565	95,436	-9,129	67,941	100
HRA											
Total Programme	7,000	3,114	2,900	13,014	0	-400	12,614	12,614	0	9,686	77
Funding											
Major Repair Allowance	3,778	0	0	3,778	0	0	3,778	3,778	0	3,778	39
Capital Receipt	250	0	0	250	0	0	250	250	0	250	3
Borrowings	2,972	3,114	2,900	8,986	0	-400	8,586	8,586	0	5,658	58
Total Funding	7,000	3,114	2,900	13,014	0	-400	12,614	12,614	0	9,686	100

ADDITIONS

	£000
Corporate Finance & Corporate Strategy	
PCI compliance project funded from savings reported on BTP projects at Quarter 1.	82
Children's Services	
Hatch End High School Pool – additional grant from Sports England.	70
Adult and Housing General Fund	
Supported Housing – Allocation for HIV 2009/10.	800
Empty Property Homes - additional grant allocation.	40
Community and Environment	
Petts Hill Project - additional funding from Ealing .	100
Hatch End Pool Modernisation – additional grant from Sports England.	25
Transport for London - additional funding.	282
Headstone Manor play area – allocation from Big Lottery Fund.	90
Total Additions	1,489

VARIATIONS

	£000
Children's Services	
Catering in schools (grant funded) – delay of full expenditure to keep kitchens available to the schools during term time.	-1,000
Education Modernisation & Improvements (partially grant funded) – delays due to slippage.	-500
Primary Capital (grant funded) – rephasing in build programme has caused slippage.	-2,800
Targeted Capital fund 14-19 Diplomas (grant funded) - rephasing in build programme has caused slippage.	-1,597
Hatch End High School Pool (Part grant funded) – potential rephasing of spend in 2010/11.	-1270
Adults and Housing	
Disabled facilities Grant – over estimation of grant allocation including LB Harrow contribution.	-325
Stabilisation and development of Framework-I – awaiting for Business Case.	-183
Community and Environment	
Prosperity Action teams, potential saving as likely to under spend.	-100
Place Shaping	
Strategic Development – currently under member's consultation.	-1,250
Capitalisation	
Potential over provision in the 2009/10 Capital Programme.	-104
Total Variation	-9,129

SAVINGS and REPHASINGS

	£000
Corporate Finance & Corporate Strategy	
LBH Anywhere – Potential savings as budget not expected to be required in full	-2,160
Community and Environment	
Transport for London Schemes – underspend on 2008/09 approvals resulting from the final accounts from suppliers being less than estimated.	-19
Hatch End Pool Modernisation – reduction in contribution by Harrow, offset by additional grant.	-25
Sub - Total Savings	-44
Adult and Housing General Fund	
Supported Housing – grant rephased from 2009/10 into 2010/11 in accordance with the grant conditions.	-797
Place Shaping	
Planning Development Grant – grant rephased from 2009/10 into 2010/11 in accordance with the grant conditions.	-74
Sub - Total Rephasings	-871
Total Savings and Rephasings	-3,075

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 £3.928m exist (£4.723m- £795k; w/off done 01/04/09-31/12/09) for Council Tax against a potential BDP of £3.142m before the 2009/10 contribution, for debts accrued to 31 March 2009.

COUNCIL TAX	Outstanding Debt as at 01.04.09	Outstanding Debt as at 31.12.09	Bad Debt requirement	
	£000	£000	%	£000
1994/95 to 2005/06 system balance	1079	665	100	665
2006/07 system balance	934	702	86	603
2007/08 system balance	1,729	1,232	73	899
2008/09 system balance	2,924	1,807	54	975
Total Council Tax Debt over 12 months old	6,666	4,406		3,142

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £1.460m (£2.226-£766k; w/off done 01/04/09 to 31/12/09) exist for business rates (NNDR) against a potential BDP of £1.295m. 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)	Outstanding Debt as at 01.04.09	Outstanding Debt as at 31.12.09	Bad Debt requirement	
	£000	£000	%	£000
1993/04 to 2007/08 system balance	868	593	100	593
2008/09 system balance	1,616	702	100	702
Total Business Rates Debt over 12 months old	2,484	1,295		1,295

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 £250k is budgeted to support write offs and any changes in the required level of provision.
- Current provision of £874k exists, after allowing for the write off of debts no longer considered recoverable, against an estimated requirement of £1,100k, requiring an increase of £226k.

Appendix 4

	Outstanding Debt as at 01.04.09	Outstanding Debt as at 31.12.09	Bad Debt requirement	
<u>HOUSING – LEASEHOLDERS</u>				
Less than 30 days	16	0	0.0%	0
30 to 60 days	0	17	7.5%	1
60 to 90 days	0	0	15.0%	0
90 to 180 days	0	0	50.0%	0
181 to 365 days	109	126	75.0%	95
> 365 days	161	194	100.0%	194
TOTAL	286	337		290
BDP 01.04.09	243			
Less: write offs	0			
BDP at 30.10.09	243			
<u>HOUSING – CURRENT TENANT ARREARS</u>				
Less than 30 days	143	127	0.0%	0
30 to 60 days	126	122	7.5%	9
60 to 90 days	136	92	15.0%	14
90 to 180 days	208	213	50.0%	107
181 to 365 days	134	226	75.0%	170
> 365 days	80	90	100.0%	90
TOTAL	827	870		390
BDP 01.04.09	313			
Less: write offs	0			
BDP at 30.10.09	313			
<u>HOUSING – FORMER TENANT ARREARS</u>				
Less than 30 days	20	23	0.0%	0
30 to 60 days	36	34	7.5%	3
60 to 90 days	59	32	15.0%	5
90 to 180 days	100	110	50.0%	55
181 to 365 days	168	194	75.0%	146
> 365 days	143	211	100.0%	211
TOTAL	526	604		420
BDP 01.04.09	331			
Less: write offs	13			
BDP at 30.09.09	318			

Housing Benefits

Currently, bad debt provisions of £1.898m (£2.056m - £158k; w/offs done 1/04/09 to 31/12/09) exist for Housing Benefit overpayment debt against a potential BDP of £2.362m as detailed in the table overleaf. There is a potential short fall of £0.464m; the position is being closely monitored for any impact on the outturn.

Appendix 4

Housing Benefit	Outstanding Debt as at 01.04.09	Outstanding Debt as at 31.12.09	Bad Debt requirement	
	£000	£000	%	£000
Housing Benefit arrears currently being collected from future payments	1,642	1,931	37.0	714
Debtor System - Prior to 2006/07	1,087	938	100	938
Debtor System - 2007/08 to 2008/09	1,754	1,140	40	456
Debtor System - 2009/10 (to Date)	0	849	30	254
Total	4,483	4,858		2,362