

REPORT FOR: **CABINET**

Date:	23 June 2010
Subject:	Revenue and Capital Outturn 2009/10
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett, Corporate Director Finance
Portfolio Holder:	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 - Revenue commentary Appendix 2 - Capital Monitoring Appendix 3 - Housing Revenue Account Appendix 4 – Carry Forwards and Commitments Appendix 5 – Special Project Fund

Section 1 – Summary and Recommendations

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

Recommendations:

- (a) Note the revenue and capital outturn position for 2009/10;
- (b) Approve the allocation of under spend of £1.6m set out in paragraph 21;
- (c) Approve the proposed Revenue Carry Forwards and Commitments as set out in appendix 4;
- (d) Note the position for general balances and approve the additional contribution of £0.078m;
- (e) Note the timetable for audit committee meetings and external audit review; and
- (f) Approve the carry forward on Capital Projects as set out in appendix 2.

Reason

To confirm the financial position as at 31 March 2010.

Section 2 – Report

Introduction

- 1 The final outturn for the total Council Directorates' budget is £335m against a latest budget of £336m, which results in an under spend of £1m. The overall position for the Council allowing for all corporate budgets is a £1.6m under spend. This represents a variation of 1.0%. The variations are explained in the body of the report.

The table below summarises the position:

Original Budget	Directorate	Latest Budget	Provisional Outturn	Variation			
				Provisional Outturn		Period 09	2008/09
£000		£000	£000	£000	%	£000	£000
22,483	Corporate Finance	21,763	21,407	-356	-1.6	0	-486
943	Legal and Governance	796	760	-36	-4.5	66	69
2,508	Chief Executive	5349	4,817	-532	-9.9	-75	-323
25,934	Sub total Corporate	27,908	26,984	-924	-3.3	-9	-740
65,192	Adults & Housing	77,124	76,264	-860	-1.1	184	-1,863
46,917	Community and Environment	64,459	63,639	-820	-1.3	-52	-2,820
38,835	Children's	162,290	164,221	1,931	1.2	1670	615
4,364	Place Shaping	4,358	3,985	-373	-8.6	-49	-175
181,242	Sub total Directorate	336,139	335,093	-1,046	-0.3	1,744	-4,983
	Corporate items	867	140	-727	-83.9	80	
-7,162	Capital Financing, Investment Income and Accounting Adj	-157,862	- 159,898	-2,036	1.3	-1,280	-3,391
-9,020	RSG, ABG, Collection Fund, etc.	-9,205	- 9,243	-38	0.4		
3,194	Pay Inflation	1,265	-	-1,265	-100.0	-1000	0
475	Earmarked Reserve and Provisions					250	
168,729	Total	171,204	166,092	-5,112	-3.0	-206	-8,374
	Contributions to Provisions and Reserves						
	Bad Debt Provision		321	321			
	Insurance Provison		400	400			
	Litigation and Employment Reserve		560	560			
	Proposed Carry Forward		1,019	1,019			
	Proposed Commitments to be carried forward		1,134	1,134			
	Net Position	171,204	169,526	-1,678	-1.0	-206	-8,374

The figures in the above table include all the accounting adjustments in respect of Capital Accounting and Pension Liability under Financial Reporting Standard 17. These adjustments do not have any direct impact on the Council Tax or General Reserves.

Revenue Budget

- 2 The outturn position for the directorates of a £1m under spend, representing a variance of 0.3% against a net budget of £336.1m is a key achievement. The directorates have made considerable improvements in the robustness of monthly monitoring and forecasting resulting in less surprises between the figures reported during the year and the final outturn position. For the largest directorates, the end of year variation is less than 1.5% against budget. An analysis of each directorate is summarised below and explained more fully at appendix 1.
- 3 The other areas outside of the directorates' budgets contribute a further £4.1m to the under spend. These mainly relate to capital financing and investment budgets and pay inflation which have been consistently reported in year. The total under spend of £5.1m enables the Council to address adequately issues raised by the external auditor to provide for the appropriate levels of reserves and provisions without impacting service provision and to further strengthen its financial position.
- 4 **Corporate Finance Directorate's** outturn is an under spend of £0.356m resulting from vacancy management and the postponement of non essential expenditure on IT services.
- 5 **Legal and Governance** benefited from additional income in year of around £0.250m mainly from citizenships plus higher than anticipated land charges. This was used towards funding additional staffing costs arising from maternity leave and agency staff resulting in a net under spends of £0.036m.
- 6 **Chief Executive's Directorate** is reporting an under spend of £0.532m resulting from vacancy management and some projects not completed during the year. The under spend on projects for which a commitment is already made (£0.271m) is requested to be rolled forward into 2010/11 as detailed in appendix 4.
- 7 **Adults and Housing Directorate's** position is a favourable outturn of £0.860m which is a variation of 1.1%. This results mainly from managed under spends across purchasing and care management budgets, in anticipation of a number of known risks associated with the PCT as highlighted throughout the year. It is possible that these risks could materialise in 2010/11. The situation will be monitored closely in 2010/11 and any developments will be reported to the Cabinet. There were various savings on the Housing General Fund including lower costs associated with void penalties on Housing and a grant on Homelessness of £0.140m carried forward from the previous year.
- 8 **Community and Environment** are reporting a favourable outturn of £0.820m. This partly resulted from late refunds of £0.235m from West London Waste Authority in respect of section 52 waste tonnages, and £0.539m in under spends across Property and Infrastructure including lower utility costs and vacancy management.
- 9 **Children's** services outturn is an over spend of £1.931m resulting from pressures reported in year on; Safeguarding, Family Placement and Support arising mainly on the Children's placements budget; Special Needs Service on home to school transport; and on Young People's Service arising from Leaving Care placements, and an overspend on asylum as some placement costs were deemed ineligible for grant.
- 10 **Place Shaping** is reporting a net under spend of £0.373m, attributed to under spends on projects and tight management control resulting in lower staffing costs.

11 **Corporate items** constitute an under spend of £0.727m. The main components of this are: £0.114m relates to Local Area Agreement (LAA) projects agreed with the Harrow Strategic Partnership (HSP) but not yet delivered; £0.269m relates to the routine clearance of the payment suspense account; £0.350m is the remainder of the late allocation by the Cabinet for Smart Water of £0.500m in March 2010; and £0.110m relates to a backdated VAT refund. Additionally, we have received £0.853m in LAA reward grant in relation to 2006/07 to 2008/09 which will be allocated by HSP.

12 **Capital Financing & Investment Income** is reporting a favourable variance of £2.036m resulting from borrowing delayed until the latter part of the financial year, lower borrowing rates obtained and higher returns on investments than anticipated given market conditions. The surplus on pay inflation after allowing for the pay settlement of 1% is £1.265m.

Reserves and Provisions

13 The Council must hold adequate provisions, reserves and balances against known and anticipated events and in respect of its statutory duties as appropriate. A fundamental part of the Statement of Accounts external audit process is the examination of the adequacy of provisions, reserves and balances. The contributions during the year are detailed in the table above.

Housing Revenue Account

14 The Housing Revenue Account is included at Appendix 3. The overall position in year is a deficit of £0.359m compared to the approved deficit of £1.057m. This is an improvement of £0.698m.

Collection Fund

15 The Council Tax collection fund has performed well against its target rate. The actual surplus for 2009/10 is £1.771m against an estimated surplus of £1.826m. This represents 97.26% of collection against the target rate of 97%.

Carry forwards and Commitments Requests

16 There are a number of requests for carry forward amounting to £1.019m. In addition there are a number of commitments to be carried forward amounting to £1.134m. The funding for these areas was allocated in 2009/10 and has been committed for the designated projects, however they have not been fully delivered in 2009/10. The schedules for both the carry forward requests and commitments from 2009/10 are included at appendix 4. The carry forwards will not be released until the Corporate Director of Finance is satisfied that the work is absolutely essential and that it cannot be funded from the 2010/11 budget.

Application of £1.6m under spend

17 The Corporate Strategy Board (CSB) at their meeting of 12 May 2010 discussed the most appropriate use of the remaining under spend (£1.678m) after the required allocation to provisions and reserves and allowing for carry forward requests put forward. The emphasis of their discussion centred on the opportunity to make an allocation towards the underlying pressures on Children's Services budgets and the need for initial investment in the transformation programme.

18 In 2009/10 Children's Services overspent by £1.9m. The main pressures relate to special needs transport and placements for safeguarding and leaving care. To recognise these pressures, growth of £1m was provided in 2010/11. However, due to the fact that it has not been possible to deliver all of the planned savings to date, and a significant and unexpected increase in client numbers, Children's services are currently forecasting an overspend in 2010/11, despite the growth provided, with a worst case

scenario of £2m. The Corporate Director for Children's Services is conducting a detailed spending review including a review of individual placements and is seeking to contain the situation as far as possible. It is recommended that £1m is allocated to Children's services to help deal with the ongoing pressures, subject to detailed reports from the Corporate Director.

19 The Council is developing its "Better Deal for Residents" programme to identify ways to deliver more for less in future. It is anticipated that there will be a net cost to the programme of up to £0.5m in 2010/11. However, all aspects of the programme are subject to detailed discussions with the Cabinet, and funds will only be released once final business cases have been approved.

20 Finally, it is recommended that the sum of £100k is earmarked for special projects. This funding will enable the new Cabinet to deliver some of its priorities. Appendix 5 sets out how this will be utilised.

21 The table detailed below recommends the allocation of the under spend.

	£m
Children's Services	1.000
Special Projects Fund	0.100
The Transformation Programme	0.500
Total	1.600

General Balances

22 The Council has allocated £0.5m to balances in the 2009/10 budget. It is proposed that the remaining £0.078m be allocated to reinforce general reserves.

	£m
Opening balance as at 1 April 2009	5.716
Contribution to reserves in 2009/10	0.500
Position at 31.03.2010	6.216
Recommended: Additional Allocation from 2009/10 outturn	0.078
Recommended restated balance at 31 March 2010	6.294

Capital Programme

23 The Capital Programme is reported at Appendix 2. The outturn is £95.9m against an original capital programme of £61.0m. The approved changes during the year increased the programme by £56.1m to £117.1m at quarter 3. Most of the changes during the year are grant funded. There are additions to the programme in quarter 4 of £0.9m which are all grant funded.

24 There are requests for carry forward amounting to £19.4m, £11.1m is in respect of grant funded projects, £3.4m is for ongoing BTP projects, £1.5m is in respect of HRA, £1.6m for Education Modernisation and £1.7m is in respect of Harrow funded projects.

25 The total programme of £96m is funded 60.0% from grants, 34.6% from borrowing and 5.4% from capital receipts and revenue contributions. The funding is set out in appendix 2 (table 2).

Timetable for audit committee meetings and external audit review

26 The draft accounts will be considered by Governance, Audit and Risk Management Committee (GARM) on 29 June. The audit will commence in early July. The final

accounts will be considered by GARM on 01 September 2010 and must be signed off by the Council and the Auditor by the end of September.

27 A summary of the draft accounts will be included in the Council's annual report, as part of the July edition of Harrow People.

Government announcement of £1.165bn cuts to local authority grants

28 The government has announced £6.2bn of cuts for 2010/11 of which £1.165bn are allocated to local government. The government has confirmed that formula grant will remain unchanged; and protected areas include Dedicated Schools Grant and Sure Start grants in Education and 'social care'. The spending reductions will be achieved by cutting those Specific and Area Based grants that are not protected. Which grants will be used to implement the savings will be worked through via a CLG consultation with local government. However, the message coming from government is that how the savings are actually made on the ground will be left to authorities to decide – in other words a cut to an individual grant is not an indication from government that they are dictating which activity is to stop; it is more an accounting method through which they can implement the reductions.

29 At this stage there is no further detail but based on what we know so far London Councils have modelled a number of different scenarios showing the possible impact on each authority's current share of unprotected grants. Using this analysis, the early estimation (based on modelled impact of cuts to Specific, Area Based and Capital Grants) shows a possible range of cuts to Harrow of between £2 and £4m. Within this range, on the basis of London Council's calculations, Harrow could lose £1.2m in funding in relation to education cuts announced.

30 The council will need to address the cuts in funding in year which are expected to be to be announced imminently. The first quarter monitoring report will show in detail how the Council is managing the funding cuts in 2010/11.

Financial Implications

31 Financial matters are integral to the report.

Environmental Impact

32 Direct environmental implications are incorporated within Appendix 5 of the report.

Performance Issues

33 Good financial performance is essential to achieving a balanced budget.

Risk Management Implications

34 The risks to the council are clearly set out in the report and how they are being managed.

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

Equalities Implications

35 There are no direct equalities impact.

Corporate Priorities

36 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	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 2 June 2010		
Name: George Curran	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 2 June 2010		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director
Date: 2 June 2010		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director
Date: 2 June 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:

Call-In Waived by the Chairman of Overview and Scrutiny Committee <i>(for completion by Democratic Services staff only)</i>	NOT APPLICABLE
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Corporate

Service	Revised Budget	Outturn	Variance			
			Outturn		Period 09	2008/09
			£000	%	£000	£000
Corporate Finance - main	21,763	21,407	-356	-1.6	0	-395
Corporate Items - CF	433	77	-356	-82.2	0	-91
Corporate Finance Total	22,196	21,484	-712	-3.2	0	-486
Legal & Governance	796	760	-36	-4.5	66	69
Asst Chief Exec Dept	5,349	4,817	-532	-9.9	-75	-488
Corporate Items - ACE	-66	-87	-21	-31.8	80	165
Chief Executive Total	5,283	4,730	-553	-10.4	5	-323
Total	28,275	26,974	-1,301	-4.6	71	-740

- Corporate Finance Department** - The department has under spent by £356k, excluding corporate items. The main items of under spend are:

 - NNDR hardship fund £50k. Approval to this was granted late in the financial year and due to the time required to assess applications none were agreed in 2009/10.
 - Director and Finance teams £77k. This arises from a mixture of vacancy management and delays in commissioning work on IFRS.
 - Pending the potential outsourcing of HITS, expenditure has been deferred wherever not essential resulting in an under spend of £275k.
- Corporate Finance Corporate Items** - There is an under spend of £356k on corporate items as follows

 - Payments suspense account £269k
 - Backdated VAT refund £110k
 - Corporate contract rebates £21k
- Legal And Governance** - There is an overall under spend of £36k. This resulted mainly from additional income on Citzenships £212k and land charges £42k. This was offset by additional expenditure on Electoral Registration for the May election, cost of external support for the new Governance Regime, costs of using Camden to support work on Children's services cases and additional salary costs across the department, including maternity cover and agency staff.
- Chief Executive Department** - The Chief Executive's department has come in under budget by £532k resulting from MDP programme which was not completed in the year, Resourcing Project, Transformation, LEAN training, Staff benefits savings on NI on nursery vouchers, SIMS/EMIS, LINK and managing vacancies across the department.
- Chief Executive Corporate Items** – The net under spend mainly results from Local Area Agreement where the funds have not been drawn down by partnership during 2009/10. This is offset by a shortfall of £93k on the voluntary severance scheme target across the Council of £1m.

Adults and Housing

Service	Revised Budget	Outturn	Variance			
			Outturn		Period 09	2008/09
			£000	%	£000	£000
Community Care	45,893	45,659	-234	-0.5	270	-456
Commissioning & Partnerships	24,091	23,702	-389	-1.6	-107	-888
Housing GF	5,911	5,674	-237	-4.0	-149	-122
Strategic Management	1,229	1,229	0	0	170	-397
Total	77,124	76,264	- 860	-1.1	184	-1,863

6. **Community Care** – The under spend of -£0.234m mainly relates to a number of variations across the purchasing and care management budgets and social care reform grant.
7. **Commissioning & Partnerships** – The favourable variance results from additional income on catering, helpline, an under spend on the salaries budget.
8. **Housing General Fund** – The under spend is in respect of lower than anticipated repairs' costs to hostels, lower than anticipated costs associated with historic void penalties, Residents Survey, homelessness and other grants. This is offset by increased costs of additional incentive payments on Letstart properties.

Community and Environment

Service	Revised Budget	Outturn	Variance			
			Outturn		Period 09	2008/09
			£000	%	£000	£000
Community & Culture	20,931	20,919	-12	-0.1	106	-318
Environment	42,862	41,840	-1,022	-2.4	-154	-2,360
Directorate Support & Performance	1,167	1,030	-137	-11.7	-4	-142
Total	64,960	63,789	- 1,171	-1.8	-52	-2,820

9. **Community & Culture** - The division had a minor under spend which resulted from lower costs in Community development of £167k and higher rental income from the Wealdstone Centre not budgeted (£128k). This is off set by higher utilities and building maintenance at the libraries and museums (£79k). There were also higher than budgeted costs at the leisure centre largely relating to prior years (£209k).
10. **Environment** - Is reporting and under spend of £1,022k, this is explained in more detail below.
- **Community Safety** - The service shows a net position of £153k against budget. The major movement is due to Smart water under spend. In addition to this there were also general under spends of £157k in Environmental Health services resulting from lower staff costs due to vacancy management; higher than expected income from Car Parks £85k. This was offset by a shortfall in parking enforcement income of £460k impacted by the adverse weather conditions in December/January and the down turn in the economy.
 - **Property & Infrastructure** – The favourable variance £539k is due to lower costs across the service resulting from lower electricity bills following a change in contract

(£110k); £104k from street lighting; and the management of vacancies and containment of general overheads (£325k).

- Public Realm Services - The £330k variance largely results from £235k of refunds from WLWA for S.52 (9) as we had disposed less tonnage of waste than expected £80k from careful cost management.

11. **Directorate & Support** - The under spend of £137k results from the reduction of directorate projects and actuals costs being lower than expected.

Children's Services

Service	Revised Budget	Outturn	Variance			
			Outturn		Period 09	2008-09
			£000	%	£000	£000
Children's Services Management	1,912	1,750	-162	-8.5	-7	-119
Early Years Service	2,780	2,745	-35	-1.3	-11	-267
Safeguarding, Family Placement and Support	13,585	14,169	584	4.3	435	520
Special Needs Service	8,079	8,835	756	9.4	685	354
Young People's Service	8,050	9,033	983	12.2	650	338
School Development	3,386	3,239	-147	-4.3	-82	-232
Schools	124,498	124,450	-48	0	0	21
Total	162,290	164,221	1,931	1.2	1,670	615

12. **Children's Services Management** - The majority of the under spend, £140k, relates to the backdated grant claim for Bus Service Operators Grant. The backdated grant claim totalled £528k, of this £280k was applied to meet the £140k efficiency targets in both Children's Services and Adults & Housing with the remaining being applied to meet the corporate BTP target.

13. **Safeguarding, Family Placement and Support** - The £584k over spend is an increase on period 09 resulting mainly from placement costs and employees cost due to vacancies that were covered by agency social workers. This over spend was off set by savings on Children and Adolescent's Mental Health Service (CAMHS) plus restricting all non essential expenditure.

14. **Special Needs Service** - The major variance is an over spend of £736k on the SEN home to school transport service which resulted from a failure to achieve the budgeted savings in 2009/10.

15. **Young People's Service** - The £983k over spend has resulted from the Leaving Care placements budget totalling £1,042k and £218k pressure in Asylum resulting from the shortfall between the grant income and the placement costs. This is offset by savings totalling £277k achieved from the implementation of the action plan to restrict all non essential expenditure and hold posts vacant.

16. **Schools Development Service** achieved savings totalling £147k from a range of measures to maximise the use of grant funding plus restricting non essential expenditure.

Place Shaping

Service	Revised Budget	Outturn	Variance			
			Outturn		Period 09	2008/09
			£000	%	£000	£000
Business Management	1,191	974	-217	-18.2	-91	-155
Planning Services	2,704	2,691	-13	0.5	29	45
Economic Development Research & Enterprise	845	926	81	9.6	125	-202
Major Development Projects	248	107	-141	-56.9	-62	16
Corporate Estate	-630	-713	-83	-13.2	-50	121
Total	4,358	3,985	-373	-8.6	-49	-175

17. **Business Management** - The £217k under spend is attributed to staffing cost savings and tight expenditure control on small budgets with higher income recharges. An increase in bad debt provision of £48k is also included above.

18. **Planning Services** – The net under spend is due to additional income (£64k); salary savings (£156k) as a result of keeping positions vacant due to the down turn in workload and an under spend on LAGBI project (£198k). This is off set by additional overhead expenditure (£405k) the majority of which relates to legal and consultancy costs and includes provisions for ongoing appeals/costs (£125k).

19. **Economic Development Research & Enterprise** - The over spend is due to the realignment and reduction of capital recharges for the current capital programme.

20. **Major Development Projects** - The favourable variance of £141k is attributable to the capitalisation of staff costs and under spends on project costs of which £34k relates to the Healthy Living Centre.

21. **Corporate Estate** - The favourable variance results from lower costs on security and rates, offset by shortfall in income.

CAPITAL OUTTURN AS AT 31ST MARCH 2010

Table 1

	Original Capital Programme £000	Changes Approved Quarter 1-3 £000	Cabinet Approved Capital Program me at Quarter 3 £000	Additions and Virements £000	Outturn £000	Carry Forward Request £000	Variance £000
General Fund							
Corporate Finance & Strategy	10,935	927	11,862	-	8,152	- 3,456	- 254
Children's Services	25,036	38,290	63,326	158	52,239	- 11,012	- 233
Adults and Housing GF	3,337	2,356	5,693	317	4,231	#REF!	#REF!
Community & Env.	11,874	7,797	19,671	160	17,984	- 1,700	- 147
Place Shaping	2,115	1,150	3,265	-	1,510	- 1,244	- 511
Capitalisation	750	-	750	-	706	-	- 44
Total Programme	54,047	50,520	104,567	635	84,822	#REF!	#REF!
Funding							
Grant	22,614	45,682	68,296	#REF!	57,599	- 10,876	#REF!
Capital Receipt	-	-	-	#REF!	863	#REF!	#REF!
Borrowings	31,433	4,838	36,271	#REF!	26,360	- 6,838	#REF!
Total Funding	54,047	50,520	104,567	#REF!	84,822	#REF!	#REF!
HRA							
Total Programme	7,000	5,614	12,614	220	11,163	- 1,671	-
Funding							
Major Repair Allowance	3,778	-	3,778	#REF!	3,778	-	#REF!
Extensions Grant	#REF!	#REF!	#REF!	#REF!	39	- 181	#REF!
Capital Receipt	250	-	250	#REF!	451	-	#REF!
Borrowings	2,972	5,614	8,586	#REF!	6,895	- 1,490	#REF!
Total Funding	#REF!	#REF!	#REF!	#REF!	11,163	- 1,671	#REF!

ADDITIONS**Children's Services**

Aiming High For Disabled Children and Young People (Grant Funded)	121
Catering in Schools (Grant Funded - Integrated children's system)	37
Total	158

Adult Services and Housing (General Fund)

PFI Capital Expenditure re. Kingsley, Little Stanmore and Woodlands PFI Schools (funded by RCCO)	122
Communication Equipment for Harrow Helpline (Grant Funded)	70
London Homes Energy Efficiency Programme (Grant Funded – London Development Agency)	125
Total	317

Community and Environment

Petts Hill Project - additional grant from Ealing	100
TFL - additional funding	60
Total	160

Housing Revenue Account

Extensions and Renovations to Council Properties (Grant Funded)	220
Total	220

VIREMENTS

Children's Services

Education Modernisation Grant – to cover shortfall in Post 16 School Projects due from Learning Skills Council	-137
Post 16 School Projects funded From Education Modernisation Grant	137
Total	0

Housing Services

Private Sector Rented Housing Renovation Grants to fund Disabled Facilities Grant (Funded by Harrow)	-95
Disabled Facilities Grant – funded from Private Sector Rented Housing Renovation Grants	95
Total	0

REPHASING & CARRY FORWARDS

Corporate Finance & Corporate Strategy

PCI – funding required to complete compliance project (Harrow Funded)	-47
BTP – New Schemes/OBC's – Projects in Progress (Harrow Funded)	-1,952
BTP – Strategic IT – Projects in Progress (Harrow Funded)	-1,339
ERP Minor Developments – Projects in Progress (Harrow Funded)	-77
Small Schemes – Projects in Progress (Harrow Funded)	-41
Total	-3,456

Children's Services

Catering in Schools – grant received late in the year to be c/fwd	-37
Catering in schools – delay of full expenditure to keep kitchens available to the schools during term time (Grant Funded)	-1,227
Education Modernisation & Improvements – delays due to slippage and utility issues now resolved (Supported Borrowing and Grant Funded)	-1,862
Future Whitmore – Project in Progress (Grant Funded)	-1,074
Primary Capital – slippage (Grant Funded)	-2,817
Targeted Capital fund (14-19 Diplomas) - rephasing in build programme has caused slippage (Grant Funded)	-325
Targeted capital – Practical Cooking Project in Progress (Grant Funded)	-75
Carry Forward of Unspent Devolved Formula Grant	-1,057
Hatch End High School Pool (Funded by Sports England)	-1,270
Children's Centre – Project in Progress (Grant Funded)	-133
Post 16 School Projects – Project in Progress (Grant Funded)	-1,072
NOF High School Projects – Project in Progress (Grant Funded)	-28
Aiming High For Disabled Children and Young People Capital Grant carried forward (as per terms and conditions of grant to be utilised by end of school academic year).	-25
ICT mobile technology carried forward (as per terms and conditions of grant to be utilised by end of school academic year).	-10
Total	-11,012

Adults and Housing General Fund Services

Stabilisation and development of Framework IT – Projects in Progress (Harrow Funded)	-67
Host Project (Grant Funded)	-11
London Homes Energy Efficiency Programme – grant conditions from LDA permit c/fwd of under spend grant	-69
Property Grants - grant conditions from LDA permit c/fwd of under spend grant	-155
Total	-302

Community & Environment

Petts Hill Project – Project in Progress (Funded by Ealing)	-12
Walk London Schemes - grant conditions permit c/fwd of under spend grant	-5
Prosperity Action Teams	-145
TFL (Grant funded)	-835
Hatch End Pool Modernisation – Project in Progress (part Grant Funded)	-204
Arts Centre Modernisation – Project in Progress (Grant Funded)	-4
Leisure Centre – Project in Progress (Harrow Funded)	-425
Hatch End Arts Centre – Project in Progress (Grant/Harrow Funded)	-38
Playbuilder - grant conditions permit c/fwd of under spend grant	-32
Total	-1,700

Place Shaping

Strategic development – c/fwd waiting for upturn in economic conditions	-1,100
Planning Development Grant	-144
Total	-1,244

Housing Revenue Account

Extensions and Renovations to Council Properties - grant conditions permit c/fwd of under spend grant	-181
Housing Improvement - Delays due to leaseholder consultation and design complications.	-1,318
Aids & Adaptations - A number of large schemes needed redesign and subsequent planning permission.	-172
Total	-1,671

VARIANCES

Corporate Finance & Corporate Strategy

BTP – New Schemes & OBC - unallocated budget to projects	-89
LBH Anywhere	-117
PCI cost	-6
Small Projects	-42
Total	-254

Children's Services

Harrow Adult Learning (grant funded) - project complete. Phasing of claim & budget	-77
Post 16 School Projects – reduction in Learning Skills Council Grant	-137
Autistic Spectrum – Harrow funded no carry forward	-19
Total	-233

Adults and Housing General Fund Services

Milmans Resource centre – No case business case in 2009/10	-150
Social care sites	-7
Framework I – No business case provided in 2009/10	-136
Byron Park Residential Home – no c/f to 2010/11, new business case required	-728
Disabled facilities Grant – over estimation of grant allocation including LB Harrow contribution	-325
Property Grants (grant funded) – no c/f of Harrow funding from 2007/08	-50
Affordable Warmth	-18
Private Sector Rented Housing (Renovation Grants)	-63
Total	-1,477

Community & Environment

Community Safety – due to one project completed and invoiced late; grant condition does not allow c/fwd	-12
Tree Planting & Parks - due to a mix of actuals less than commitment and works not quite completed in year.	-20
Public Realm Infrastructure - under spend on Street Lighting, poor performance by Utility EDF, and delays in implementing complex Traffic Management schemes and CPZ's.	-80
Playbuilder (DCSF) – overstating of requirement of grant	-5
Others	-30
Description	-147

Place Shaping

Harrow Heritage	-3
Strategic Development– economic downturn adversely affected project delivery/phasing	-508
Total	-511
Capitalisation	-44

Table 2**Capital Financing 2009/10**

Capital Expenditure to be Financed	95,986
Funded by	
Borrowing	33,254
Revenue Contribution	122
HRA Major Repair Allowance	3,778
Capital Receipts	1,314
Capital Grants (see below for detailed breakdown)	57,518
Total	95,986

Schedule of Capital Grants

Funds received From	Funds Propose		£000
Big Lottery Fund	Whitmore and Cannons High School		25
Department for Children, Schools and Families	Hatch End Arts Centre Pool Modernisation	429	
	Playgrounds in Parks	497	
	Misc. Schemes	96	
	Education Modernisation Schemes	814	
	Catering in Schools Schemes	2,698	
	First and Middle School Schemes	4,578	
	Targeted Capital High Schools Schemes	7,675	
	Practical Cooking High School Schemes	2,468	
	Whitmore High School - Rebuilding	19,139	
	School Travel Plan	161	
	ICT Technology Schemes	654	
	Supporting Young People Scheme	100	
	Devolved Formula Grant	2,713	42,022
Department for Communities and Local Government	Disabled Facilities Grant	543	
	Planning Development Grant	6	549
Department of Health	Supported Housing - HIV Grant	1,012	
	Harrow Helpline	70	
	Host Programme	119	1,201
Dept. of Culture, media and Sport	Free Swimming Programme		16
GLA Targeted Funding Stream	Empty Homes Grant	327	
	Better Homes Plus Grant	159	
	Homes Energy Efficiency Program	56	542
Conversion and Renovation Grant			39
Home Office	Safer Stronger Community Scheme		57
L B of Ealing	Petts Hill Scheme		1,568
Learning Skills Council	Harrow Arts Centre Modernisation	808	
	Kenton Learning Centre	88	
	Post 16 Schemes	3,173	4,069
Main Lottery Grant	Headstone Manor Playground		90
Sure Start Grant	Children's Centres		2,075
Transport for London	Transport for London Schemes		5,230
Walk London Org Uk	Walking Schemes		35
Total			57,518

Appendix 3

Housing Revenue Account outturn position as at 31 March 2010

	Approved Budget 2009-10 £000	Outturn 2009-10 £000	Outturn Variation £000	Explanation of variation
Operating expenditure :				
Employee Costs	1,876	1,795	-81	Under spends on salaries arising from vacant post, which include the cost of agency staff, are offset by the overspend on Estates & Sheltered Services (see below) as a result of re-classifications of expenditure.
Supplies & Services	455	413	-42	The under spend, which includes a reduced spend on software of £30k as a result of carrying out work in house, is offset by the over spend on Estates & Sheltered Services.
Utility cost (Water & Gas)	626	542	-84	The majority of the under spend relates to lower than expected expenditure on Gas although this has been partially offset by increased expenditure on electricity arising from the clearance of bills relating to prior years.
Estate & Sheltered Services	1,875	2,096	221	The over spend includes budget under provision for Community Alarm Officer supplements of £76k and overspends on premises of £33k. The remainder of the over spend is largely offset against Employee and Supplies & Services due to reclassification of expenditure.
Central Recharges	1,883	1,863	-20	Central charges are assumed to equate to the budget with the exceptions of SSCs relating to Design & Build and Printing which are charged on a different basis.
Total Operating Expenditure	6,715	6,709	-6	
Repairs expenditure :				
Repairs - Voids	400	702	302	The overspend against budget relates mainly to a higher than expected average unit cost of voids together with a lower than expected transfer to Capital of £47k compared to £101k assumed in budget.
Repairs - Responsive	2,436	2,551	115	A review of volume of completions in 2009-10 together with a price and quality audit by the Minor Works Team resulted in a lower than expected overspend against budget and when compared to that forecast in year.
Repairs - Other	2,319	1,864	-455	External decorations amounting to £495k, which were not carried out in 2009-10 as planned, comprise the majority of the under spend against budget.
Total Repairs expenditure	5,155	5,117	-38	
Contingency - general	640	156	-484	The Contingency budget includes £140k general contingency together with a further £500k (vired from RCCO and approved by Cabinet 16 July 2009) earmarked for major repairs works, which partially offsets the repairs overspend.
Charges for Capital	6,945	6,049	-896	The under spend is due mainly to lower than expected expenditure on capital schemes and debt charges together with higher than anticipated interest on HRA balances.
RCCO	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	136	-114	A review of the age profile of HRA debtors showed a required provision of £1,010k resulting in a charge of £136k against revenue.
HRA Subsidy	6,214	6,847	633	The variation on the Subsidy largely offsets the related variation on Charges for Capital (see above for details). Although the Council has submitted the Subsidy claim using a Consolidated Rate of Interest (CRI) of 4.2%, this rate has been revised to 4.72%.
Total Other expenditure	14,049	13,188	-861	
Total Expenditure	25,919	25,014	-905	

	Approved Budget 2009-10 £000	Outturn 2009-10 £000	Outturn Variation £000	Explanation of variation
Income				
Rent Income – Dwellings	22,000	21,809	191	Rent loss from void dwellings was 0.80% compared to the 0.58% assumed in the budget.
Rent Income – Non Dwellings	870	826	44	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	14	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	391	-11	Charges to Leaseholders, originally based on estimates, have been revised to take account of the outturn expenditure.
Facility Charges (Water & Gas)	487	478	9	The adverse variation is partially offset by the under spend on Utilities (above) resulting in an under recovery of £64k.
Interest	17	8	9	Mortgage interest receivable has been calculated using the Local Average Rate for 2009-10 and Capital redemptions in the year.
Other Income	8	57	-49	Other income includes recovered court costs which were not included in the budget
Transfer from General Fund	83	83	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	24,995	24,788	207	

In Year Deficit before pensions adjustment	924	227	-697	
Pensions adjustment	133	133	0	Pension's adjustment is mandatory and has a neutral effect on budgets & outturn position and is made in accordance with Financial Reporting Standard 17 (FRS 17). The adjustment is placed against Revenue a balance therefore is disclosed in Statement of Movement on HRA Balances, to accord with disclosure requirements.
In Year Deficit / (Surplus) after pensions adjustment	1,057	359	-698	

BALANCE brought forward	-5,142	-5,142	
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BALANCE carried forward	-4,087	-4,783	
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Appendix 4

Proposed Carry Forward			
Directorate	Description	£m	Explanation
Adults & Housing	Community Care	0.100	To fund potential known additional costs of continuing care clients
		0.110	To fund potential known costs of implementing the Integrated Community Equipment Service
		0.125	To fund known additional anticipated client costs
Assistant Chief Executive	Management Development Programme	0.100	Work to deliver the management development practitioner programme in finance and human resources due in quarter 4 2009/10 has been delayed to tie in with delivery of the Transformation Programme in 2010/11. This project was delayed from 2009/10 and relates to the procurement of the recruitment of temporary and permanent staff. It has been delayed pending possible joint procurement with other boroughs. The sum is required for specialist procurement and legal advice.
	Resourcing Project LAA Project	0.060 0.114	Projects approved by the HSP not yet started.
Corporate Finance	International Financial Reporting Standards	0.060	Work on IFRS continues until December 2010. Specialist accounting support is required to restate previous year's accounts in relation to leases and PFIs. This is a statutory requirement.
	ICT service review project	0.275	Under spend on IT due to expenditure held back to help fund the procurement costs of the IT service review project.
	Under spend on Capital Financing	0.075	Approved by the Cabinet in March 2010 to fund additional grants to the Voluntary sector in Community & Environment Directorate
Total		1.019	

Proposed Commitments to be carried forward			
Directorate	Description	£m	Explanation
Adults & Housing	Community Care	0.047	Prevention Officer .Awarded in autumn 2009/10 as Invest to Save to help deliver efficiencies. Not yet appointed. Time limited post 1 year only
Place Shaping	Healthy Living Café	0.034	One off amount required to complete project
	Development of Harrow's core strategy	0.164	Required to deliver One Place
Community & Environment	Smart Water Project	0.350	£0.500m allocated by Cabinet in March 2010 – remainder of project still to be delivered
Assistant Chief Executive	BTP Transformation	0.062	Balance of BTP transformation funding required to fund the programme in 2010/11
	Schools Management System	0.009	Required to set up assessments at special schools
	Link LEAN	0.010 0.029	To secure a community engagement worker LEAN training to be delivered in 2010/11
Corporate Finance	NNDR Hardship funding	0.050	Approved by Cabinet to support business rate payers but not spent in year – required to support applications in 2010/11
	Maintenance of Suspense Account	0.269	Allocation of £0.269m to the Assistant Chief Executive for Transformation Programme in 2010/11 agreed by the Cabinet in March 2010.
	Backdated VAT Refund	0.110	This sum is needed for Assistant Chief Executive directorate to fund on-going staffing costs of the programme management Office who support Transformation Programme
Total		1.134	

This appendix sets out proposals for utilisation of Special Project Fund.

Pot holes

1. The extremely bad weather during the winter of 2009-10 has caused considerable damage to the borough's roads and pavements. A survey of the damage has been completed and 30,000 items of defect have been recorded, and allocated a priority.
2. The Council has an annual budget allocation of £1 million for responsive repairs to highways. The Council has made pot hole repair the first priority for highway maintenance, but this remains a key concern for residents currently. The Council transferred an additional one off £250,00 in 2009-10 for pot hole repair, and the Government provided an additional £113,000 for Harrow from a national pot. These additional funds have been spent and the most dangerous and deepest pot holes have been repaired. However, as traffic moves over the less serious pot holes their condition will deteriorate further requiring priority repairs.
3. It is therefore proposed that an additional £100k is transferred to Community and Environment Directorate, from the Council's 2009-10 underspend for the repair of pot holes.

Libraries

4. The opening hours of libraries is an issue raised by members of the public seeking to have access to library facilities over a longer period and at a time that is more convenient to users, particularly those that work during the week. Sunday opening will also provide a facility for young people to assist with homework.
5. Sunday opening will be reintroduced at Gayton Library, 5 St Johns Road, Harrow from 5 September 2010. The library will be open from 1.00 pm until 5.00 pm and the full range of services will be available.
6. The costs will be approximately £14,000 for 2010/11 and will be contained within the current library budget.