

# REPORT FOR: **CABINET**

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<b>Date:</b>	14 September 2010
<b>Subject:</b>	Revenue and Capital Monitoring for Quarter 1 - as at 30 June 2010
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Myfanwy Barrett, Corporate Director Finance
<b>Portfolio Holder:</b>	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix 1 - Revenue commentary Appendix 2 - Capital Monitoring Appendix 3 - Housing Revenue Account

## **Section 1 – Summary and Recommendations**

This report sets out the Council's revenue and capital monitoring position as at 30<sup>th</sup> June 2010.

### **Recommendations:**

- (a) Note the revenue and capital forecast outturn position for 2010/11;
- (b) Note the action being taken to bring the Council in on budget this year;
- (c) Approve the virement within the HRA in paragraph 13; and
- (d) Approve the amendments to the Capital Programme as set out in appendix 2

### **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 June 2010. The total Directorate outturn position is £194.149m against a latest budget of £191.009m, which represents an over spend of £3.140m, a variance of 1.6% of the net budget. This includes in year savings targets of £1.3m for which plans are being put in place and includes some of the carry forward requests from 2009/10 as detailed in paragraph 10.

Original Budget	Directorate	Latest Budget	In year Savings	Revised Budget	Forecast Outturn	Variation		
						Period 03	%	2009/10
£000		£000	£000	£000	£000	£000	%	£000
21,691	Corporate Finance	22,032	-145	21,887	21,987	100	0.5	-712
1,174	Legal and Governance	1,269	-40	1,229	1,269	40	3.2	-36
5,076	Chief Executive	6,330	-100	6,230	6,230	0	0.0	-553
<b>27,941</b>	<b>Sub total Corporate</b>	<b>29,631</b>	<b>-285</b>	<b>29,346</b>	<b>29,486</b>	<b>140</b>	<b>0.5</b>	<b>-1301</b>
70,029	Adults & Housing	69,636	-455	69,181	69,836	655	0.9	-860
46,496	Community and Environment	46,574	-300	46,274	47,509	1,235	2.7	-1,171
40,437	Children's	41,776	-220	41,556	42,594	1,038	2.5	1931
4,332	Place Shaping	4,692	-40	4,652	4,724	72	1.5	-373
<b>189,235</b>	<b>Directorate Total</b>	<b>192,309</b>	<b>-1,300</b>	<b>191,009</b>	<b>194,149</b>	<b>3,140</b>	<b>1.6</b>	<b>-1,774</b>

2. The Council is currently forecasting an overspend of £3.1m across Directorates. This figure includes the impact of in year funding cuts. All Directorates are continuing to develop action plans to mitigate the considerable pressures they are facing and cover their share of the in year cuts, and assessing the impact of proposed measures. Work is being done to
  - Control vacancies and use of agency staff;
  - Ensure careful management of spending;
  - Bring forward transformation projects and 2011/12 savings wherever possible;
  - Consider opportunities to increase income in year; and
  - Consider diverting capital grants to reduce capital financing costs.

Progress is being monitored on a monthly basis by the Council's Corporate Strategy Board.

### Revenue Budget

#### Corporate Directorates

3. Corporate Finance are reporting potential pressures of £0.100m mostly in relation to Shared Services staffing. Both Corporate Finance and Legal and Governance are constructing plans to address their pressures and in year cut. The Chief Executive's directorate is maintaining vacancies in order to deliver a balanced budget.

#### Adults and Housing

4. Adults and Housing is forecasting an overspend of £0.655m which incorporates £0.200m overspend on Adults -mainly in relation to ICES and Mental Health- and £0.455m in year cuts. The directorate are devising actions to balance the budget. There are potential pressures from the PCT which are not yet factored in, whilst negotiations are taking place.

### **Children's Services**

5. Children's Services have a projected overspend of £1.038m. The variance takes account of the additional funding of £1m to mitigate budget pressures and the in year cuts of £0.220m. The in year cut of £0.220m is being met from reductions in the Extended Schools area based grant of £0.083m with the remaining savings to be met from the Achievement & Inclusion Service.
6. There are significant pressures on Safeguarding, Family Placement and Support £0.477m; Special Needs Service £0.622m; and Young People's Service £0.925m. Of the £1m funding provided for budget pressures, £0.084m has been allocated to Safeguarding to cover additional social worker costs, and initially the remaining £0.916m is being held centrally to offset overspends elsewhere.

### **Community and Environment Services**

7. C&E are forecasting an overspend of £1.235m which includes in year cuts of £0.300m. The overspend emanates from parking enforcement under recovery of income £0.828m; environmental health £0.135m over spend on Animal Services (pest control); car park income £0.076m down; public realm £0.117m over as a result of reduced income for Trade Waste.

### **Place Shaping**

8. Place Shaping is forecasting a £0.072m over spend and is currently looking at ways to balance this.

### **Corporate Budgets**

9. There will be some flexibility in corporate budgets, e.g. pay award provision and Treasury Management, which is being analysed and collated. This is taken in conjunction with the need to provide additional upfront funding to the Transformation Programme to ensure savings can be made earlier and strengthen the council's balance sheet as much as possible in preparation for the spending review.

### **Carry Forwards**

10. Given in year existing pressures and cuts Directors and Divisional Directors have been asked to absorb commitments carried forward from previous years where this is possible, to allow more flexibility corporately to address the highest priority areas. From the total carry forwards of £2.153m, the following carry forwards have been approved to date which totals to £0.766m.

<b>Released Carry Forward</b>			
<b>Directorate</b>	<b>Description</b>	<b>£m</b>	<b>Explanation</b>
Community & Env.	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
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
	LAA Project	0.114	Projects approved by the HSP not yet spent in 2009-10.
	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
<b>Total</b>		<b>0.766</b>	

### **Housing Revenue Account (HRA)**

11. The Housing Revenue Account is included at Appendix 3. The overall position in year is a deficit of £1.147m compared to the approved deficit of £1.031m. This is an adverse variance of £0.116m which, if continues, will be met from HRA balances which are currently £4,784k. The directorate is committed to identify efficiencies to manage this adverse position and the updated position will be reported to the December Cabinet.

### **Virement**

12. As reported at the June Cabinet, HRA budget in respect of external decorations were under spent by £0.495m resulting from planned delays in carrying out the repairs work. These under spends were taken to the HRA reserve at the end of 2009/10 resulting into a closing balance of £4.784m.
13. Approval is sought from the Cabinet to release £0.495m from HRA reserves for External Decorations to carry out the repairs works.

### **Reserves and Provisions**

14. The Council must hold adequate provisions, reserves and balances against known and anticipated events and in respect of its statutory duties as appropriate. All these provisions are reviewed on a quarterly basis. As at quarter one the Council has adequate provision in respect of Bad Debts, Insurance, Litigation and Employment cases.

### **Capital Programme**

15. The Capital Programme is reported at Appendix 2. The forecast outturn is £54.6m against the latest capital programme of £54.5m. The approved changes during the quarter increased the programme by £2.0m and the carry forward from 2009/10 approved by the June cabinet totals to £21.6m. Most of these changes including carry forwards are grant funded.

### **Financial Implications**

16. Financial matters are integral to the report.

### **Environmental Impact**

17. There are none directly related to this report.

### Performance Issues

18. Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance. The quarter 1 strategic performance will be reported to the October Cabinet.

### Risk Management Implications

19. 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

20. There is no direct equalities impact.

### Corporate Priorities

21. 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: 26 August 2010		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 20 August 2010		

## Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership Development and Finance
Date: 24 August 2010		

## Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director Environmental Services
Date: 20 August 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](mailto:jennifer.hydari@harrow.gov.uk)

**Background Papers:** Revenue Budget 2010-11 to 2012-13 to February 2010 Cabinet.

**Call-In Waived by the  
Chairman of Overview and  
Scrutiny Committee**

**NOT APPLICABLE**

## Appendix 1

### Corporate

- The corporate departments have a variety of cost pressures, particularly on salaries, but it is anticipated that they will be managed to keep within budget. Not all of the additional reductions required to meet the in-year cuts have been identified at this point. Work is ongoing to identify further savings of £100k for Finance and £40k for Legal to meet this additional savings target.

Service	Revised Budget (Excl. Savings)	In year Savings	Revised Budget	Forecast Outturn	Variance		
					Period 3		2009/10 Outturn
					£000	%	£000
Corporate Finance - main	21,787	-145	21,642	21,742	100	0.5	-356
Corporate Items - CF	245	0	245	245	0	0	-356
Corporate Finance Total	22,032	-145	21,887	21,987	100	0.5	-712
Legal & Governance	1,269	-40	1,229	1,269	40	3.2	-36
Asst Chief Exec Dept	6,330	-100	6,230	6,230	0	0	-532
Corporate Items - ACE	0	0	0	0	0	0	-21
Chief Executive Total	6,330	-100	6,230	6,230	0	0	-553
Total	29,102	-285	29,051	29,486	140	0.5	-1,301

### Corporate Finance

- The main pressures within the department relate to the IT review, Health & Safety, and Financial Assessments. These are being contained through vacancy management across the department. There is an anticipated saving of £30k in relation to Audit Commission fees.

### Chief Executive

- The department is maintaining a number of vacancies currently and is only partly covering for maternity leave. This has enabled it to achieve its share of the additional in year cuts.

### Adults and Housing

Service	Revised Budget (Excl. Savings)	In year Savings	Revised Budget	Forecast Outturn	Variance		
					Period 3		2009/10 Outturn
					£000	%	£000
Community Care	41,450	-217	41,233	41,318	85	0.2	-484
Commissioning & Partnerships	16,587	-47	16,540	16,799	259	1.6	-72
Personalisation & Development	5,074	-90	4,984	5,080	96	1.9	-50
Strategic Management	1,176	0	1,176	1,290	114	47.0	-16
<b>Adult Services</b>	<b>64,287</b>	<b>-354</b>	<b>63,933</b>	<b>64,487</b>	<b>554</b>	<b>0.9</b>	<b>-622</b>
<b>Housing GF</b>	<b>5,349</b>	<b>-101</b>	<b>5,248</b>	<b>5,349</b>	<b>101</b>	<b>1.9</b>	<b>-238</b>
<b>Total</b>	<b>69,636</b>	<b>-455</b>	<b>69,181</b>	<b>69,836</b>	<b>655</b>	<b>0.9</b>	<b>-860</b>
<b>HRA</b>	<b>1,031</b>	<b>0</b>	<b>1,031</b>	<b>1,147</b>	<b>116</b>	<b>11.0</b>	<b>-697</b>

- The directorate's focus is to deliver a balanced position, however given the reported pressures and risks around the Primary Care Trust (PCT), it is likely to be challenging to deliver an in year underspend of £455k. The department is currently in the process of reviewing actions to assist in achieving this position and the in year cuts have been allocated across the directorate.

### Community Care

- The impact of the continuing care position, once agreed with PCT, may well increase the overspend now being reported.
- Some pressures in relation to care management, which are under review as part of the action plan in relation to the in year cuts.

### Commissioning & Partnerships

- The pressures relate to the delivery of MTFs efficiencies associated with Integrated Community Equipment Service (ICES). A plan is in place to progress a solution.
- Pressure in relation to delivery of efficiencies for Mental Health in respect of day care provision and efficiencies delivered by Central North West London Mental Health Foundation Trust (CNWL) in the management of the service. Action plan sought from CNWL to reassure the Council that the efficiencies can be delivered in year as anticipated.

### Personalisation & Development

- The pressures relate to care management and transport, in part offset by an underspend in relation to day centres.

### Strategic Management

- Pressures of £114k remain from the unallocated BTP efficiencies of £140k carried forward from 2009/10 [£26k has been achieved through the annual Bus Services Operator Grant].

### Housing GF

- An overspend is being reported as a result of the allocation of in year savings. In addition, there are potential pressures in relation to salary costs associated with Watkins House. This is currently being investigated and will be reported once the pressures have been clarified.
- The department is committed to identifying efficiencies of £100k to assist in managing the outturn position, and will be reported as an outturn variation once the actions to achieve are clear.

### Community and Environment

Service	Revised Budget (Excl. Savings)	In year Savings	Revised Budget	Forecast Outturn	Variance		
					Period 3		2009/10 Outturn
					£000	%	£000
Community & Culture	9,961	-60	9,901	9,833	-68	-0.7	-12
Environment	35,696	-220	35,476	36,907	1,432	4.0	-1,022
Directorate Support & Performance	917	-20	897	769	-129	-14.3	-137
<b>Total</b>	<b>46,574</b>	<b>-300</b>	<b>46,274</b>	<b>47,509</b>	<b>1,235</b>	<b>2.7</b>	<b>-1,171</b>



## **Community & Culture**

13. Cultural Services is forecasting a £9k underspend primarily as a result of recovery of RPI on recoupment income from leisure connections £98k. However this additional windfall has been allocated to fund emergency capital work at Harrow Art Centre.
14. Libraries and Museum is forecasting an £52k underspend due to actual rates for the year being lower. These underspend will be used to manage the cost of the proposed Sunday opening from October 2010 (£15k). Future funding of Sunday opening of the Central library will be built into the Radio Frequency Identification technology (RFID) business case.

## **Environment**

15. Parking Enforcement is currently forecasting an overspend of £828k due to under recovery of enforcement income resulting from:
  - road works in central Harrow which is affecting enforcement activity as roads are closed to through traffic. Works have been underway for the last 3 months and are scheduled to be ongoing until November;
  - prevailing economic conditions will lead to lower enforcement as fewer cars on the road etc.; and
  - some mitigation against this forecast may be provided resulting from the installation of the new camera network which is now live and beginning to generate revenue although not yet in large volumes.
16. Environmental Health is forecast to be £135k overspent due to overspend on Animal Services. Current forecasts suggest that the pest control service will not be able to generate sufficient income to meet budget. To break even the Pest Control would need to generate revenue of £278k.
17. Car parks are forecasting an overspend of £76k. This is due to lower forecasted machine income generation based on trends in the first quarter of the year and the loss of rental income at Queens House Multi Story Car Park due to termination of rented spaces from local business.
18. Property & Infrastructure are forecasting a net overspend of £19k resulting from:
  - overspends in Asset Management & Facilities on electricity (£195k), Water Rates (£82k) and emergency gas repairs (£42k);
  - insufficient budget for general rates (£66k) and building cleaning (£34k) at the Civic Centre;
  - increase in salary forecast (£91k) for Harrow Stay Put following the recruitment of contract surveyors and the possible return of an employee currently on long term leave;
  - above inflationary increases in traffic signals charges from TFL (£19k); and
  - additional pressures arising from the asbestos improvement notice (£100k).

The above overspends are offset by opportunities identified below:

- net under spends on salaries (£426k) in Minor Works following a review of budgets;
- additional income (£73k) in Harrow Stay Put mainly due to charging for CAD services; and

- a possible rates rebate (£100k) which has *not* been included in the forecast.

19. Public Realm services are forecasting to overspend by £117k. The main reason for the overspend is that the service is unable to achieve income targets for Trade Waste and Civic Amenity (CA) site as a result of the downturn in the building industry. Last year £200k of reduced income from CA sites was managed within budget.

### Directorate Support & Performance

20. The £100k in respect of waste RFID case which was agreed after the budget was set in February and £29k from other savings identified will contribute towards the in year savings target of £300k.

### Children's Services

21. The 2010/11 forecast outturn for Children's Services, as at period 3, is a projected overspend of £1,038k. This variance takes account of the additional funding of £1m to mitigate budget pressures and the in year budget cuts of £220k agreed by Cabinet in July. The £220k budget reduction is being met from reductions in expenditure on the Extended Schools of £83k with the remaining £137k savings to be achieved from Achievement & Inclusion Service.

Service	Revised Budget (Excl. Savings)	In year Savings	Revised Budget	Forecast Outturn	Variance		
					Period 3		2009/10 Outturn
					£000	%	£000
	£000	£000	£000	£000			£000
School Development	2,342	-137	2,205	2,205	0	0	-147
Children's Services Management	3,028	0	3,028	2,132	-896	-29.6	-162
Early Years Service	1,446	-83	1,363	1,273	-90	-6.6	-10
Safeguarding, Family Placement and Support	13,555	0	13,555	14,032	477	3.5	584
Special Needs Service	8,515	0	8,515	9,137	622	7.3	756
Young People's Service	7,491	0	7,491	8,416	925	12.3	958
Schools	5,399	0	5,399	5,399	0	0	-48
<b>Total</b>	<b>41,776</b>	<b>-220</b>	<b>41,556</b>	<b>42,594</b>	<b>1,038</b>	<b>2.5</b>	<b>1,931</b>

### Children's Services Management

22. Of the £1m funding provided for budget pressures £84k has been allocated to Safeguarding, Family Placement and Support to offset additional social worker costs. Initially the remaining £916k will be held centrally and will be used to offset overspends elsewhere in Children's Services.

### Safeguarding, Family Placement and Support

23. The £477k pressure identified in Placements is broken down as follows:-

- **Honeypot Lane Residential Care Home £283k:** Pressure due to staff costs coupled with not achieving the income target for selling vacant places to

neighbouring boroughs. The proposal to close Honeypot Lane addresses this budget pressure and may even deliver additional savings depending on the alternative placements for the current residents. However given the timescales the savings are unlikely to be fully realised until 2011/12; and

- **In House Fostering £140k:** The service is working to increase the capacity of in house foster providers as it provides high quality care for children and good value for money. However the growth in the service, coupled with the development of the 'Fostering Plus' arrangements, is expected to generate a pressure of £140k. This has been partly offset by a slight reduction in spend on agency fostering and residential placements.

### **Special Needs Service**

24. A full review of the Special Needs Transport Service identified potential efficiencies totalling around £800k. These efficiencies are centred around the procurement of a new fleet, using route optimisation software to reduce the number of vehicles needed, claiming Bus Service Operator's Grant and a revised spot hire contract. As a result of implementation timescales only part year savings of £493k are expected to be achieved in 2010/11, thereby creating a pressure of £307k. In addition the service manager has reported that additional routes are forecast to cost an extra £241k in 2010/11, creating a total pressure of £548k.

### **Young People's Service**

25. Based on the current cohort of Unaccompanied Asylum Seeking Children (UASC) there is a forecast pressure of £242k in 2010/11. The grant provided by the UK Border Agency does not fully cover the cost of the service and the level of grant income reduces significantly as the age of the cohort increases. In previous years this shortfall has been partially offset by a USAC Special Circumstances Grant but this grant is not expected in 2010/11..

26. Currently there is a forecast overspend of £709k on Leaving Care. This is due to savings on placement costs and the reduction in Leaving Care provision assumed in the MTFs not being deliverable. A series of panels were held to review all placements, starting with the older children in Leaving Care. This helped reduce the forecast overspend by highlighting opportunities where young people over 18 can be moved out of agency and residential placements into independent living or supported lodgings. These panels have resulted in the forecast overspend reducing by £252k from an initial forecasted overspend of £961k.

### **Duties transferring from the Learning & Skills Council (LSC)**

27. Following the disbanding of the LSC from 1 April 2010 the council has additional statutory duties for the commissioning and quality of 16-19 education. The DfE allocated grant of £244k to fund these new duties. This funding was not included in the 2010/11 budget as the amount had yet to be finalised. The funding has now been allocated as area based grant and consequently was subject to a reduction of £56k. The service is in the process of reviewing the plans to bring down the cost to within the new funding envelope of £188k.

28. Furthermore the DfE have just announced there will be further changes which will impact on the council's role in respect of 16-19 education however the details are yet to be confirmed. The new 16-19 commissioner is in post plus the service has additional staffing costs on Special Educational Needs assessments, together these total £130k in 2010/11. Children's Services is requesting that £130k of the £188k grant provided for this purpose is allocated to Children's Services with immediate

effect. Without this funding the additional costs will be a further budget pressure. Given the uncertainty surrounding these duties going forward it is not possible to confirm whether any further funding will be required, if it is not required then it will generate a corporate saving of £58k.

## Place Shaping

Service	Revised Budget (Excl. Savings)	In year Savings	Revised Budget	Forecast Outturn	Variance		
					Period 3		2009/10 Outturn
					£000	%	£000
Business Management	1,219	-40	1,179	1,090	-89	-7.5	-217
Planning Services	2,794		2,794	2,971	177	6.3	-13
Economic Development Research & Enterprise	911		911	860	-51	-5.6	81
Major Development Projects	56		56	57	1	1.8	-141
Corporate Estate	-288		-288	-254	34	-11.8	-83
<b>Total</b>	<b>4,692</b>	<b>-40</b>	<b>4,652</b>	<b>4,724</b>	<b>72</b>	<b>1.5</b>	<b>-373</b>

### Business Management

29. The £89k under spend is mainly attributed to staff cost savings (£48k) due to a reduction in agency staff following a downturn in workload and additional income (£32k) from re-charges to capital projects.

### Planning Services

30. In total the current outturn position for Planning Services is £177k over spent against budget. This is primarily due the reduction in income (£189k) due to economic down turn and additional costs for preparation of future appeals (£72k) which is partly offset by salary savings detailed below.

- Design & Conservation has an under spend of £46k mainly due to salary savings resulting from several posts being held vacant;
- Development Management is showing a net overspend of £47k and is made up of additional preparation costs for on-going and future appeals (£72k) and a reduction in fees and charges (£95k) due to the downturn in the economic climate. This is offset by salary savings (£118k) as a result of staff reductions; and
- Building Control's forecast outturn is £108k over budget. This is mainly due to salary overspends (£14k) as a result of market supplement payments and a predicted reduction in fees and charges (£94k) due to the economic downturn. Following the implementation of *The Building (Local Authority Charges) Regulations 2010* which came into effect on 1 April 2010, a review of fees and charges is currently underway in order to quantify the potential impact.

### Economic Development Research & Enterprise

31. An under spend of £45k is predicted mainly due to salary savings (£78k) as a result of staff vacancies, including a Tourism Officer post which is being held vacant for 5 months and a Town Centre Liaison Officer which will be held vacant for the full year. The salary savings are offset by a reduction in recharges to capital.

## **Major Development Projects**

32. Major projects are forecasting to be broadly in line with budget.

## **Corporate Estate**

33. A net overspend of £34k is predicted at period 3 and is mainly due to a reduction of capital income (£224k) from time spent selling capital assets, offset by:

- Additional rental income (£68k) from an area of activity in St Ann's Shopping Centre;
- Under spends on commercial properties - utilities (£29k), security costs (£33k) other controllable overheads (£19k);
- Increased income from insurance premiums (£21k) on commercial properties; and
- Staff salary savings (£12k).

## Appendix 2

<b>CAPITAL OUTTURN AS AT 30TH JUNE 2010</b>									
	Original Capital Programme	Cabinet Changes Approved c/f from 2009/10	Revised Capital Programme	Additions/R eductions	Virements	Capital Programme Proposed for Members Approval	Budget in SAP	Forecast Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>									
Corporate Finance & Strategy	8,800	3,456	12,256	0	0	12,256	4,448	4,448	0
Children's Services	13,978	11,012	24,990	2,009	0	26,999	24,203	24,203	0
Adults and Housing GF	2,610	2,064	4,674	0	0	4,674	3,674	3,674	0
Community & Env.	10,230	1,700	11,930	50	0	11,980	11,880	11,980	100
Place Shaping	2,000	1,318	3,318	0	0	3,318	233	233	0
Capitalisation	410	0	410	0	0	410	410	410	0
<b>Sub - Total GF Programme</b>	<b>38,028</b>	<b>19,550</b>	<b>57,578</b>	<b>2,059</b>	<b>0</b>	<b>59,637</b>	<b>44,848</b>	<b>44,948</b>	<b>100</b>
Funding									
Grant	11,329	12,712	24,041	2,009		26,050	23,880	23,880	0
Capital Receipt	0	0	0	0		0			
Borrowings	26,699	6,838	33,537	50		33,587	20,968	21,068	100
<b>Sub - Total GF Funding</b>	<b>38,028</b>	<b>19,550</b>	<b>57,578</b>	<b>2,059</b>	<b>0</b>	<b>59,637</b>	<b>44,848</b>	<b>44,948</b>	<b>100</b>
<b>HRA</b>									
<b>Sub - Total HRA Programme</b>	<b>7,610</b>	<b>2,072</b>	<b>9,682</b>	<b>0</b>		<b>9,682</b>	<b>9,682</b>	<b>9,682</b>	<b>0</b>
Funding									
Major Repair Allowance	3,932	0	3,932	0		3,932	3,932	3,932	0
Extensions Grant	0	181	181	0		181	181	181	0
Capital Receipt	250	0	250	0		250	250	250	0
RCCO	500		500			500	500	500	0
Borrowings	2,928	1,891	4,819	0		4,819	4,819	4,819	0
<b>Sub - Total HRA Funding</b>	<b>7,610</b>	<b>2,072</b>	<b>9,682</b>	<b>0</b>	<b>0</b>	<b>9,682</b>	<b>9,682</b>	<b>9,682</b>	<b>0</b>
<b>Total Capital Programme</b>	<b>45,638</b>	<b>21,622</b>	<b>67,260</b>	<b>2,059</b>	<b>0</b>	<b>69,319</b>	<b>54,530</b>	<b>54,630</b>	<b>100</b>

Note: The forecast outturn is based on the approved business cases as at quarter 1.

## **ADDITIONS and REDUCTIONS**

### **Children's Services**

<b>Description</b>	<b>£000</b>
Children's Centre – additional grant funding	1,389
Supporting Young People - additional grant funding	50
Harnessing Technology – DfE have cut the grant by 50% in year	-278
Targeted Capital – Practical Cooking – additional grant funding	848
<b>Total</b>	<b>2,009</b>

### **Community and Environment**

<b>Description</b>	<b>£000</b>
Procurement of Major Works Contracts	50
<b>Total</b>	<b>50</b>

## **VIREMENTS**

### **Children's Services**

<b>Description</b>	<b>£000</b>
Autistic Spectrum Disorder	896
Primary Capital (Grant)	-896
<b>Total</b>	<b>0</b>

## **VARIANCES**

### **Community & Environment**

<b>Description</b>	<b>£000</b>
School Landlord Works - Asbestos notices	100
<b>Total</b>	<b>100</b>

## Appendix 3

### Housing Revenue Account forecast outturn position as at 30 June 2010

	Approved Budget 2010-11 £000	Forecast Outturn 2010-11 £000	Variation £000	Explanation of variation
<b>Operating expenditure :</b>				
Employee Costs	1,165	1,236	71	Savings of £120k budgeted to offset additional costs of Access Harrow are expected to be achieved through reductions in outstanding debt. See note below in relation to bad debt provision.
Supplies & Services	439	454	15	Higher than anticipated printing costs in respect of Asbestos awareness and legal fees form the majority of the forecast overspend.
Utility cost (Water & Gas)	685	532	-153	Utilities costs have been estimated based year to date expenditure and a review of prior year billing [£108k relates to credits from prior years realised in 10-11].
Estate & Sheltered Services	2,288	2,418	130	As a result of the fundamental review of Leasehold Charges, additional expenditure on agency staff has been necessary resulting in a forecast overspend of £96k. This has been compounded by the cost of agency staff used to cover sheltered units.
Central Recharges	2,893	2,893	0	Central charges are assumed to equate to the budget
<b>Sub - total</b>	<b>7,470</b>	<b>7,533</b>	<b>63</b>	
<b>Repairs expenditure :</b>				
Repairs - Voids	499	605	106	A higher than budgeted cost of repairs [£1,497 v £1,339 per budget], volumes consistent with budget [318] but increased costs associated with asbestos issues [£56k].
Repairs - Responsive	2,799	2,675	-124	A lower than expected unit cost [£105.00 vs £116.54 per budget], volumes consistent with budget [17,307]. To be kept under review given volatility and seasonal considerations.
Repairs - Other	1,487	1,482	-5	There are no backlog of external decorations works planned in 2010-11.
<b>Sub -total</b>	<b>4,785</b>	<b>4,762</b>	<b>-23</b>	
<b>Other expenditure:</b>				
Contingency - general	200	200	0	It is too early to release unused balances on the general contingency, however this will be closely monitored. Any unused amounts will manage down the in year deficit.
Charges for Capital	6,916	6,488	-428	This forecast reflects the lower opening debt position [reflecting the slippage in Capital Schemes from 2009-10 to 2010-11 of £1.7m] and a reduction in interest rates [4.75% to 4.13%].
RCCO	500	500	0	Revenue Contributions to Capital Outlay (RCCO) have been assumed to be in line with budget.



	Approved Budget 2010-11 £000	Forecast Outturn 2010-11 £000	Variation £000	Explanation of variation
Bad or Doubtful Debts	250	250	0	Arrears of rent and service charges have reduced by £68k since the beginning of the year. Rent arrears stood at £1,468k as at 30 June 2010 (Current tenants £739k; Former tenants £729k). Service charge arrears from Leaseholders stood at £241k, a decrease of £37k from the start of the financial year. Whilst capacity potentially exists to reduce the bad debt provision, given fluctuations in debt and the service charge review, this is assumed to be within budget at this stage but will be kept under review.
HRA Subsidy	6,178	6,458	280	The variation on the Subsidy largely offsets the related variation on Charges for Capital (see above for details) and assumes a lower level of subsidy arising from the reduction in interest rates.
<b>Sub - total</b>	<b>14,044</b>	<b>13,896</b>	<b>-148</b>	
<b>Total Expenditure</b>	<b>26,299</b>	<b>26,191</b>	<b>-108</b>	Notwithstanding variations on income, this lower than anticipated expenditure on revenue would assist in restoring balances.
<b>Income</b>				
Rent Income – Dwellings	22,425	22,192	233	The variation arises from a deterioration in the turnaround of void properties from 28 days budgeted to 39 days for the remainder of the financial year.
Rent Income – Non Dwellings	841	805	36	An increase in the void rate on garages, together with demolition of 14 garages and reduced rental income from commercial premises.
Service Charges - Tenants	1,164	1,172	-8	Service charges to Tenants have shown a reduction against budget, which is largely attributable to the increased level of voids combined with a higher void turnaround rate (see above).
Service Charges - Leaseholders	518	518	0	Service charges are currently under review and will be the subject of a separate Cabinet report. Variations are anticipated in relation to the actualisation of costs for 2008-09 & 2009-10, however, it is anticipated that these costs will be offset by additional income generated.
Facility Charges (Water & Gas)	497	497	0	
Interest	6	6	0	
Other Income	8	45	-37	Outturn forecast include (£30k) subletting grant carried forward from 2009, (£5k) projection for recovered court costs in relation to tenant related cases and (£2k) for misc parking permits
Transfer from General Fund	163	163	0	Recharges to the General Fund in respect of shared amenities.
<b>Total Income</b>	<b>25,622</b>	<b>25,398</b>	<b>224</b>	

	<b>Approved Budget 2010-11 £000</b>	<b>Forecast Outturn 2010-11 £000</b>	<b>Variation £000</b>	<b>Explanation of variation</b>
Housing Ambition Plan	354	354	0	The Housing Ambition Plan and virement from HRA balances was agreed by Cabinet on 15 July 2010. There are indications that the additional income generated by the leasehold review may not be as great as anticipated, however, this is currently under review. A review of the Asset Management structure is also underway and assumed to be cost neutral at this stage.
<b>In Year Deficit / (Surplus)</b>	<b>1,031</b>	<b>1,147</b>	<b>116</b>	An action plan is required to manage down the in year deficit in line with the approved budget to avoid any further reduction in HRA balances.
<b>Balance b/fwd</b>	<b>-4,430</b>	<b>-4,784</b>		
<b>Balance c/fwd</b>	<b>-3,399</b>	<b>-3,637</b>		The HRA Business Plan assumed a balance of £5,319k to be carried forward into 2011/12. The latest position indicates a shortfall of £1,682k.