

REPORT FOR: **CABINET**

Date:	8 September 2011
Subject:	Revenue and Capital Monitoring for Quarter 1 as at 30 June 2011
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Interim 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 – Debt Management

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital monitoring position as at 30 June 2011:

Recommendations:

- (a) Note the revenue and capital forecast outturn position for 2011-12;
- (b) For the General Fund capital programme, approve the virement detailed in paragraphs 22 and amendments to the Programme as set out in appendix 2 Table 1; and
- (c) For the Housing Revenue Account capital programme, approve the rephasings detailed in paragraph 23, and reductions and virements as set out in appendix 2 Table 3.

Reason

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

Section 2 – Report

Introduction

- 1) The total projected reported outturn for the Council is £178.528m which represents an over spend of £1.011m, a 0.57% variation to budget. This potential over spend is before making use of any reserves.

The table below summarises the position:

Original Budget £000	Directorate	Latest Budget £000	Reported Outturn £000	Variation		2010-11 £000
				Quarter 1 £000	%	
12,275	Asistant Chief Executive	13,508	13,558	50	0.37	-1333
3,566	Legal and Governance	3,576	3,649	73	2.04	8
7,834	Corporate Finance	8,595	8,595	0	0.00	-887
	Corporate Items	-550	-304	246	-44.73	
23,675	Sub total Corporate	25,129	25,498	369	1.47	-2,212
67,508	Adults & Housing	68,041	68,731	690	1.01	-618
43,986	Community and Environment	47,084	47,620	536	1.14	-307
40,852	Children's	41,614	41,247	-367	-0.88	-588
4,382	Place Shaping	5,053	5,053	0	0.00	-347
180,403	Sub Total Directorate	186,921	188,149	1,228	0.66	-4,072
1,823	Inflation and Corporate Items	1,299	1,282	-17	-1.31	-1,884
-4,462	Capital Financing	-8,448	- 8,648	-200	2.37	2,601
-2,580	Council Tax Support Grant	-2,580	- 2,580	0	0.00	
	Carry Forwards					2,213
325	Provisions	325	325	0	0.00	7
175,509	Total Budget Requirement	177,517	178,528	1,011	0.57	-1,135

Directorates' Position

- 2) The outturn position for the Directorates is £188.149m against a latest budget of £186.921m, which represents an over spend of £1.228m, a variance of 0.66% of the net budget. This is offset by a favourable variance of £0.217m which mainly results from an under spend on the capital financing budget and corporate items. All the Directorates are taking action to mitigate the adverse variances along with the pressures and risks they are facing.
- 3) Although the Children's directorate is forecasting a favourable variance, the position remains volatile mainly around Special Needs Service and Children Looked After. At this stage the Interim Director of Finance is not too concerned without being complacent about the overall position as all the directorates are working towards containing the pressures within their own area and some items could warrant use of specific reserves and contingency.

Corporate Directorates

- 4) The corporate directorates are forecasting an over spend of £0.369m as detailed below:-
 - Assistant Chief Executive is reporting an over spend of £0.050m resulting from the cost of IT contract due to higher inflation than originally anticipated;

- Legal and Governance are projecting an over spend mainly resulting from unbudgeted costs of two by elections (£0.060m) and the irrecoverable cost of referendum;
- Corporate Finance is reporting a balanced position which is mainly accounted for by an additional income from extension of the Housing Benefits administration recession grant to 2011-12 to deal with the current higher caseload. This is offset by increased costs of issuing warrants for penalty notices and collecting Council Tax following the closure of Harrow Magistrates Court; and
- There is an adverse budget variance totalling £0.246m on corporate items resulting from a shortfall in the New Homes Bonus grant (£0.021m), additional costs of £0.022m in respect of the judicial review of the London Borough Grant Scheme, £0.030m additional administration costs of VSS, £0.088m for costs in respect of the Terms and Conditions project, £0.030m in respect of the Let's Talk campaign and £0.055m in respect of website development to facilitate community engagement.

Adults and Housing

5) Adults and Housing are forecasting an adverse variance of £0.690m as detailed below:-

- The cost of Adults consultation was not included in the 2011-12 budgets and as a consequence there is a pressure of £0.115m. Funding for these costs will be sought from the Corporate Transformation and Priority Initiatives Fund;
- Commissioning and Partnerships are forecasting to deliver a favourable position of £0.130m resulting from more focus on commissioning activities following recruitment to the commissioning posts;
- Long term care and Safeguarding is forecasting a pressure of £0.400m resulting from an increase in the number of cases;
- Reablement and Personalisation are forecasting a net overspend of £0.090m resulting from an increase in the number of clients receiving the reablement home care service over the numbers originally estimated. This is offset by an expected reduction in Home Care hours; and
- The Housing General Fund is forecasting an over spend of £0.200m resulting from an increase in the number of families being placed in Bed and Breakfast accommodation. A number of initiatives are underway to try to mitigate this. However, the situation will be monitored closely and if it becomes necessary closer to the year end, we may consider funding this from a specific earmarked reserve.

6) In addition to the above there are a number of budget savings subject to consultation, for which an estimated saving of £0.400m has been included in the budget. The 12 week consultation period started on 16 May and the results are due to go back to Cabinet in October. There are no alternative plans to achieve these savings if the proposals are not implemented post consultation. Any shortfall on the proposed £0.400m savings would be a call on the contingency fund of £1m established as part of the 2011-12 budgets. Similarly any unmitigated overspends due to other adult social care pressures could be a call on the contingency thus protecting the delivery of existing social care provision.

Community and Environment Services

7) Community and Environment are forecasting an over spend of £0.536m. The main reasons for adverse variance are :-

- Community and Culture is forecasting a net balanced position. Community and Development service is forecasting an over spend of £0.058m mainly due to a delay in delivery of the budget saving in relation to the review and restructure which is

underway, and an over spend of £0.032m at the Arts Centre resulting from utilities costs and a reduction in box office and rental income. This is offset by an under spend on staffing costs due to strict cost management £0.096m.

- Community Safety is forecasting a £0.263m pressure due to a projected shortfall on enforcement income and Controlled Parking Zone (CPZ) machine income of £0.411m, Car Parks income of £0.079m and Environmental Health is forecast to be £0.085m over spent primarily due to Animal Services. This is offset by a favourable variance on Anti Social Behaviour (£0.073m) and vacancy management (£0.239m);
- Property and Infrastructure is forecasting a net under spend of £0.079m resulting from additional income from disabled facilities grants adaptations, increased rental income from depot sublets and general overheads. This is partly off set by increased utilities costs on street lighting, Civic Centre business rates and increased water rates for the depot; and
- Public Realm Services is reporting a potential over spend of £0.354m resulting from a reduction in Trade Waste (£0.462m) income; Civic Amenity sites reduction in commercial waste £0.111m and a decline in cemeteries income (£0.160m). It is anticipated that these pressures will be managed to minimise the overall position via cost reductions to reflect the decline in activity levels.

8) The Directorate has already taken action to generate new income streams and reduce variable costs where possible to address the pressure in respect of declining income. In addition, the following measures are being considered to address the pressures highlighted above, for the Medium Term Financial Strategy:-

- Invest in mobile CCTV infrastructure to broaden enforcement across the borough;
- Review the marketing and pricing strategy for animal services to maximise revenues; and;
- Review of Property services

9) It is also worth remembering that issuing penalty notices is about protecting our residents, not penalising them. Harrow Council issues notices to motorists where appropriate as part of our on-going commitment to making Harrow's roads safer. It also ensures ease of parking for residents and visitors and keeps traffic moving through our town centres. So ironically, falling enforcement income, whilst presenting a financial pressure, represents an operational success.

Children's Services

10) Children's Services have a projected under spend of £0.367m. The main reasons for the projected favourable variances are:-

- Under spending on staffing costs resulting from vacancies £0.30m;
- Safeguarding, Family Placement and Support are projecting an under spend of £0.289m resulting mainly from savings on Pinner Road and Silverdale (£0.117m), as expenditure is stopped in preparation for vacating the sites and a reduction in staffing costs resulting from the current restructure and back dated agency invoices being less than the provision (£0.172m);
- As part of the new operating model the Children Looked After (CLA) and Leaving Care placements are being amalgamated. Based on the current cohort of children and young people, at period 3, there is a forecast under spend of £0.297m. This partly reflects a volume reduction compared to budget on CLA placements. This is an early estimate based on known data. This budget is demand driven and therefore there is a high possibility of volatility which will be monitored throughout the year; and

- Young People's Service is reporting an under spend of £0.031m resulting from a successful grant claim in respect of the Asylum budget.

11) The under spend is offset by pressures in relation to additional staffing costs to strengthen capital project management following the investigation (£0.098m); and the Special Needs Service resulting from an increase in client numbers for children with disabilities (£0.175m) and transport service staffing and vehicles costs totalling £0.024m. The second phase of the SNT transformation programme is currently being implemented. The programme is on target to deliver savings. However, there are significant risks in relation to the take up of the independent travel training scheme and the position is being closely monitored.

Place Shaping

12) Place Shaping is forecasting a balanced position. There are adverse variances in respect of pressures on planning and building control income, salary costs and reductions in recharges to capital. This is offset by additional grant, S106 monies, increased rental income and a reduction in business rates on corporate estate.

13) The forecast has also managed to contain the pressures of additional planning income not yet receivable following delays from Central Government to lay the bill before Parliament which would allow local authorities to set their own charges.

Inflation and Corporate Items

14) The outturn shows a net under spend of £0.017m as detailed below:-

- Under the International Financial Reporting Standards (IFRS), costs amounting to £0.080m associated with the Civic Centre Modernisation project are classed as revenue which is not budgeted for (had been budgeted as capital) and is a pressure on corporate items;
- Printers and Photocopier contract payments show an adverse variance due to price inflation;
- Unexpected income has been received in respect of Safer, Stronger Communities (£0.220m) and Carbon Reduction Commitment recharges (£0.180m); and
- An adverse variance of £0.158m on the transformation programme relating to the Business Support case.

Capital Financing

15) The forecast outturn shows a favourable variance of £0.200m resulting from the Minimum Revenue Provision (MRP) budget due to slippage in the 2010-11 programme.

Housing Revenue Account (HRA)

16) The HRA is showing a forecast overspend of £0.272m mainly resulting from the repairs and maintenance budget. There are a number of other risks within the HRA which are being closely monitored.

Procurement Savings

17) The budget target for procurement savings in 2011/12 is over £5m including directorate specific savings. Of this £2m is the target for Procurement Transformation Savings which is held as a corporate target this year, but will be added into directorate targets in future years.

- 18) Against the corporate target of £2m, savings achieved to date are in the region of £1.3m as detailed below:-
- £0.253m relates to savings on the new leisure contract (after dilapidations);
 - £0.913m relates to the dry recyclables contract. This includes £0.349m in respect of profit sharing gains on the dry recyclables where the price obtained goes above the baseline; and
 - £0.086m relates to other miscellaneous savings.

Transformation and Priority Initiatives Fund (TPIF)

- 19) Following the 2010-11 year-end decisions there is £2.529m set aside in the TPIF. Of this, £1.563m is specifically required for potential invest to save projects, leaving a balance of £0.966m available for bids. The principles of bidding and the use of this fund has been agreed with the Leader. The directorates are due to submit a first round of bids by the end of August for approval by the Leader in mid September.

Capital Programme

- 20) The total Capital Programme at the end of period 3 stands at £73.1m (£62.0m GF and £11.1m HRA) comprising of the Original Capital Programme of £52.3m, £18.0m of carry forwards and a net £2.8m of additions which are mostly grant funded as detailed in appendix 2.
- 21) The outturn forecast is £71.2m (£60.1m GF and £11.1m HRA), thus indicating an under spend variance of £1.9m, wholly on GF projects. However, within the £1.9m under spend approximately £1.8m relates to rephasings leaving only a £0.1m under spend after rephasings. The £0.1m under spend results from Children's directorate projects where the final account costs are expected to be lower than the original estimate. Information by directorate and project is detailed in Appendix 2.
- 22) Work continues to address the backlog of disabled facilities adaptations following Cabinet's agreement to a change in policy earlier this year. As there is now a much lower demand for discretionary improvement (renovation) grants (2010/11 spend on this only £154k and showing a declining trend year on year) approval is requested for a virement of £0.400m from the Discretionary Improvement Grant (renovation grant) Capital budget to the mandatory Disabled Facilities Grant (DFG) to expedite this programme. This will reduce the budget for Discretionary Improvement Grants to £0.115m which is expected to be sufficient to meet the actual demand, and increase the Disabled Facilities Grants budget to £2.245m (following approval by Council in July to transfer £1m to DFGs from other GF Capital schemes). The service is currently reviewing the impact of the revised policy on take up levels as part of its service and budgetary planning for 2012/13 and beyond.
- 23) Approval is requested in the HRA Capital programme for rephasings to 2012-13 totalling £2.246m, together with the bringing forward of schemes from 2012-13 totalling £2.084m. These will permit leaseholder consultation, mainly in relation to the Frances Road windows programme, to be completed prior to the schemes commencing in 2012-13. It will also permit an earlier start on other schemes; principally lift renewals, kitchen & bathroom renewals and sheltered schemes. Further details are provided in Table 3.

Debt Management

24)The table below summarises the sundry debts which were written off during the first quarter of the financial year. The individual debts all fall below the threshold of £10,000 for which the Interim Director of Finance has the delegated authority to write off.

Description	Amount £000
Bed and Breakfast	1
Community & Environment	5
Physical Disability	2
Leaseholders	9
Total	17

Financial Implications

25)Financial matters are integral to the report.

Environmental Impact

26)There are none directly related to this report.

Performance Issues

27)Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Improvement Boards for each Directorate where the financial position is considered at the same time as performance against key projects, service KPIs (including customer data and complaints) and workforce. Monitoring of finance and performance is reported regularly to the Corporate Strategic Board and Cabinet and is also considered by the Council's Performance and Finance Scrutiny Committee.

Risk Management Implications

28)The risks to the council and how they are being managed are clearly set out in the report:

Risk included on Directorate risk register? Yes

Separate risk register in place? No

Equalities Implications

29)There are no direct equalities impacts arising from the decisions within this report.

Corporate Priorities

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

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 16 August 2011		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 17 August 2011		

Section 4 – Performance Officer Clearance

Name: Martin Randall	<input checked="" type="checkbox"/>	On behalf of Assistant Chief Executive
Date: 12 August 2011		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director
Date: 9 August 2011		

Section 6 - Contact Details and Background Papers

Contact: Julie Alderson Email: julie.alderson@harrow.gov.uk

Background Papers: Revenue Budget 2010-11 to 2012-13 and Capital Programme 2010-11 to 2012-13 to February 2010 Cabinet.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>(Call-in applies)</i>
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Revenue Commentary as at Period 3

Corporate

Service	Revised Budget	Forecast Outturn	Variance		
			Quarter 1		2010/11
			£000	%	£000
Corporate Finance - main	8,595	8,595	0	0.0	-566
Corporate Items					
–Corporate Finance	-550	-507	43	-7.8	-321
Corporate Finance Total	8,045	8,088	43	0.5	-887
Legal & Governance	3,576	3,649	73	2.0	8
Asst Chief Exec Dept	13,508	13,558	50	0.4	-1,337
Corporate Items – Assistant Chief Executive	0	203	203	100.0	4
Chief Executive Total	13,508	13,761	253	1.9	-1,333
Total	25,129	25,498	369	1.5	-2,212

Corporate Finance Directorate

- The forecast outturn is a net balanced position as detailed below:-
 - Approximately £0.150m is anticipated from an extension of the Housing Benefits administration recession grant to 2011-12 to deal with the current high caseload. As the service has reengineered their processes to deal with the additional caseload, and reduced staffing, this grant will assist in containing the pressure resulting from the close of Harrow Magistrates Court as detailed below; and
 - It is projected that the combination of subsidy and recovery in respect of Housing Benefits overpayments will exceed target by £0.050m.

The above favourable variance is off set by over spends resulting from increased cost of issuing warrants for penalty charge notices £0.030m and the closure of Harrow Magistrates Court has resulted in increased cost of £0.170m as the arrears cases are now transferred to Brent which is anticipated to have an adverse impact on the net cost of collecting Council Tax.

Assistant Chief Executive

- There is a potential adverse variance of £0.050m on the cost of the ITO. This arises because inflation is now higher than anticipated when the contract with Capita was agreed resulting in a higher indexation cost than budgeted.

Legal & Governance

- The directorate is projecting net overspend of £0.073m arising mainly from:-
 - The unbudgeted costs of two by elections of approximately £0.060m; and
 - Shortfall on reimbursement of the referendum cost of approximately £0.030m.

The above adverse variances are offset by minor variations of £0.017m.

Corporate Department Corporate Budgets

- The corporate items are forecasting an adverse variance of £0.246m as detailed below:
 - There is a pressure of £0.021m on the New Homes Bonus Grant;
 - Increased call of £0.022m has arisen from the need for boroughs to contribute to additional costs incurred as a result of a Judicial Review of the London Boroughs Grant Scheme;

- There is an adverse budget pressure of £0.030m arising from the administration costs of the VSS scheme launched in May;
- There is an adverse budget pressure of £0.088m to fund the costs of the Terms and conditions project;
- There is a requirement to undertake a Let's Talk campaign in 2011-12 which is anticipated to cost £0.030m; and
- There is requirement to fund development of the website to facilitate community engagement with an estimated cost of £0.055m.

Adults and Housing

Service	Revised Budget	Forecast Outturn	Variance		
			Quarter 1		2010/11
	£000	£000	£000	%	£000
A&H Transformation	1,080	1,195	115	0.1	-56
Commissioning & Partnerships	16,037	15,907	-130	-0.8	-848
Long Term Care & Safeguarding	23,475	23,875	400	1.7	372
Reablement & Personalisation	21,747	21,837	90	0.4	345
Strategic Management	1,509	1,524	15	1.0	-165
Adult Services	63,848	64,338	490	0.8	-352
Housing GF	4,193	4,393	200	4.8	-266
Adults & Housing Total	68,041	68,731	690	1.0	-618
HRA	822	1,094	272	33.1	-522

Adults & Housing Transformation

5. The costs of the Adults consultation were not included in the 2011-12 budgets and as a consequence there is a pressure of £0.115m as a result.

Commissioning and Partnerships

6. Essential commissioning posts are in the process of being filled and it is anticipated that once fully staffed, the focus on commissioning activities will deliver an under spend as reported.

Long term care & safeguarding

7. There are early indications that the number of transition cases and costs associated with these cases will place additional pressure on the purchasing budget. Some of the clients were previously unknown to Children's Services as they relate to children reaching adulthood and their parents no longer being able to care for them.

Reablement & Personalisation

8. More people are currently receiving a reablement home care service than was previously estimated. Home care hours are expected to reduce as a result and this is being evidenced as the projected number of hours is less than those commissioned in 2010-11. The expectation is that home care hours will reduce further between now and year end, with targets set to manage this expectation.

Housing GF

9. At the end of quarter 1 there were 44 families in Bed and Breakfast accommodation, with the numbers continuing to rise. There is a net cost of £120 for each family in B&B per week, indicating a forecast pressure of £0.200m. The position will be monitored closely during the year and if it becomes necessary,

consideration will be given closer to year end to fund the pressure from specific earmarked reserve.

10. The resolution of care management and consequent appointment of Creative Support at Watkins House has caused pressure on the GF budget. It is not yet clear whether these increased costs can be contained within the budget.

Community and Environment

Service	Revised Budget £000	Forecast Outturn £000	Variance		
			Quarter 1		2010/11
			£000	%	£000
Community & Culture	8,546	8,543	-3	0.0	-308
Environment	37,650	38,188	538	1.4	239
Directorate Support & Performance	888	889	1	0.1	-245
Total	47,084	47,620	536	1.1	-314

Community & Culture

11. The service is forecasting a net under spend of £0.003m as detailed below:-

- **Community Development** is forecasting £0.058m over spend resulting from delays in delivery of MTFs relating to the restructure and review of the Community Development service;
- **Cultural Services** is forecasting a net under spend of £0.005m resulting from a vacancy in cultural services management team of £0.040m. This is offset by adverse variances at the Arts Centre primarily due to higher than anticipated utilities costs, reduced income from box office and loss of income from hire of Greenhill room due to the delay in the replacement room.
- **Libraries and Museum** is forecasting a £0.056m variance against budget primarily due to lower salary costs across the service.

Environment

12. Environment services is forecasting an adverse variance of £0.538m as detailed below:-

- **Community Safety** is forecasting a net over spend of £0.263m resulting from :-
 - a) **Parking Revenue Account** is currently forecasting a £0.411m overspend due to worsening position on enforcement income and Controlled Parking Zone (CPZ) machine income mainly resulting from prevailing trading conditions and increase in compliance once motorists are penalised;
 - b) **Environmental Health** is forecasting an over spend of £0.085m primarily due to Animal Services not able to generate sufficient income to cover the cost of the statutory service. Options are currently being considered for increased marketing to raise additional income;
 - c) **Car park** is projecting an adverse variance of £0.079m reflecting a worsening position relating to generation of car park income. This follows annual trends in decreasing car park income. A review of the car parks is underway to determine the feasibility of each car park; and

The above overspends are offset by under spends resulting from vacancy management across Community Safety of £0.239m and favourable variance on Anti Social Behaviour of £0.073m due to renegotiation of contract with Metropolitan Police on Town Centre policing.

- **Property & Infrastructure** forecast outturn is a favourable variance of £0.079m resulting from:-

- a) Under spends on salaries (£0.226m) in Minor Works;
- b) Salary savings totaling £0.093m due to the delay in recruiting permanent staff in Asset Management, Climate Change and Road Safety;
- c) Net additional income (£0.091m) from disabled facilities grants due to expected increase in throughput for Adaptations;
- d) Increased rental income of £0.036m from Depot sublets; and
- e) Under spends (£0.154m) across the service on containing general overhead costs.
 - This is offset by overspends mainly as a result of uncertainty over the level of service required from the Major Works team, increase in street lighting energy costs (£0.161m), Civic Centre general rates (£0.036m); water rates (£0.044m) for the Depot, and contribution of costs for the re-tender of planned and reactive maintenance services (£0.025m).
- **Public Realm Services** the service is reporting an over spend of £0.354m as explained below:-
 - a. Trade Waste is forecasting an adverse variance of £0.462m due to ongoing economic down turn. This is the third year running of declining income which in the past was offset by the lower S52.(9) costs resulting from the lower tonnages being disposed. However the mechanism for payment to WLWA has changed from this year and all disposal costs are now fixed;
 - b. CA Sites is also forecasting a reduction in income of £0.111m due to reduction in commercial waste tonnages (in particular building waste) impacted by down turn in the economy; and
 - c. Cemeteries income (£0.160m) has been declining over the years and management of and charging of these services is being reviewed.

Children's Services

Service	Revised Budget	Forecast Outturn	Variance		
			Quarter 1		2010/11
			£000	%	£000
Children's Services Management	859	829	-30	-3.5	-890
Schools Quality & Commissioning	2,718	2,816	98	3.6	-82
Early Years Service	1,208	1,208	0	0	-303
Safeguarding, Family Placement and Support	13,980	13,691	-289	-2.1	300
Special Needs Service	9,212	9,394	182	2.0	169
Young People's Service	5,853	5,525	-328	-5.6	205
School Development	1,774	1,774	0	0	-34
Schools	6,010	6,010	0	0	47
Total	41,614	41,247	-367	-0.9	-588

Children's Services Management

13. In preparation for the Business Support transformational programme a number of staff were eligible for the voluntary severance scheme (VSS) during 2010/11. The posts, totalling £0.030m, are being held vacant until the details of the Business Support project are agreed during 2011/12.

Schools Quality and Commissioning

14. The service is projecting an over spend of £0.098m relating to staffing costs following the capital investigation.

Safeguarding, Family Placement and Support

15. This service is forecasting an under spend of £0.289m as detailed below:

- £0.084m relating to the favourable settlement of historic agency invoices;
- £0.117m on Pinner Road and Silverdale resulting from a combination of holding staffing posts vacant and savings on premises costs as all non critical expenditure is stopped in preparation for vacating the sites; and
- £0.088m projected saving resulting from the new operating model introduced at Honeygot Lane.

Special Needs Service

16. The Transport Service is reporting pressures on staffing and vehicles totalling £0.024m at period 3. The second phase of the SNT transformation programme is currently being implemented. The programme is on target to deliver the savings however there are significant risks especially regarding the take up of the independent travel training scheme. The position is being closely monitored and the forecast will be updated in subsequent periods as the implementation progresses.

17. Due to an increase in client numbers the Children with Disabilities client costs is forecasting a likely pressure of £0.175m.

Children Looked After (CLA) and Leaving Care Placements

18. As part of the Children's Services new operating model the CLA and Leaving Care placements are being brought together. Based on the current cohort of children and young people at period 3 there is a forecast under spend of £0.297m. This partly reflects a lower number of children in CLA placements compared to that assumed when setting the budget. The number of CLA as at 30 June 2011 is 140, compared to 139 at 31 May, however this is demand driven so highly volatile and is expected to vary greatly throughout the year.

Young People's Service

19. An under spend of £0.031m has been reported on Asylum at period 3. This is mainly due to a number of clients who were under review by the Home office on the 2010/11 grant claim being successfully claimed, therefore giving a surplus of grant income in 2011/12 over that assumed.

Place Shaping

Service	Revised Budget	Forecast Outturn	Variance		
			Quarter 1		2010/11
	£000	£000	£000	%	£000
Business Management	1,857	1,852	-5	-0.3	-359
Planning Services	2,412	2,434	22	0.9	110
Economic Development					
Research & Enterprise	812	802	-10	-1.2	35
Major Development Projects	328	357	29	8.8	82
Corporate Estate	-356	-392	-36	10.1	-215
Total	5,053	5,053	0	0.0	-347

Planning Services

20. The forecast outturn position for Planning Services is an adverse variance of £0.022m mainly resulting from:-

- Government's failure to confirm when new fee charging will be introduced to Planning is hampering the realisation of the additional income assumed in the Medium Term Financial Strategy (£0.050m); and
 - There is a forecast shortfall on building control income (£0.167m) resulting from introduction of cost recovery rules and the downturn in the construction sector.
- The adverse variance is partly offset by vacancy management and cost containment.

21. Whilst clarification is expected on Planning fees shortly, the reduction in Building Control income is seen as an ongoing challenge based upon the current health of the construction sector and will continue to be monitored in this financial year against existing cost liabilities.

Major Development Projects

22. Major Development Projects is forecasting an over spend of £0.029m due to salary costs (£0.045m) offset by additional income from capital re-charges (£0.017m).

Corporate Estate

23. Corporate Estate's forecast outturn is a favourable variance of £0.036m resulting mainly from rates and a forecasted increase in rental income.

Appendix 2

Capital Monitoring as at Period 3

	Original 2011/12 Capital Programme	2010/11 Carry Forwards	Revised Opening Programme	Additions / Reductions	Revised 2011/12 Capital Programme		Outturn forecast	Variance (before rephasings)		Variance Analysis - ↑ Rephasing	Variance Analysis - (Underspend)/overspend due to project completion with (lower)/higher project costs	Actuals & Commitments	% Spend of Capital Programme at period 3
	£000	£000	£000	£000	£000		£000	£000		£000	£000	£000	%
General Fund													
Corporate Finance & Strategy	19,771	5,630	25,401	198	25,599		24,156	(1,443)		(1,443)	0	10,849	43
Adults and Housing GF	2,860	1,735	4,595	20	4,615		4,312	(303)		(303)	0	567	12
Place Shaping	4,600	0	4,600	(55)	4,545		4,545	0		0	0	50	1
Children's Services	8,050	4,817	12,867	1,395	14,261		14,128	(133)		0	(133)	1,236	9
Community and Environment Roundings	10,623 1	1,016	11,639 1	1,299	12,938 1		12,945	7		0	7	4,322	33
Total GF Programme	45,905	13,198	59,103	2,856	61,959		60,087	(1,872)		(1,746)	(126)	17,023	28
HRA	6,360	4,816	11,176	(75)	11,101		11,101	0		0	0	2,028	18
Total Capital Programme	52,265	18,014	70,279	2,781	73,060		71,188	(1,872)		(1,746)	(126)	19,051	

Capital Monitoring as at Period 3

	Original 2011/12 Capital Programme	2010/11 Carry Forwards	Revised Opening Programme	Additions / Reductions	Revised 2011/12 Capital Programme	Outturn forecast	Variance (before rephasings)	Variance Analysis - Rephasing	Variance Analysis - (Underspend)/overspend due to project completion with (lower)/higher project costs	Actuals & Commitments
Corporate Finance & Strategy										
BTP - New Projects - Streets	1,052	0	1,052	0	1,052	1,052	0	0	0	877
BTP - New Projects - Libraries	1,297	0	1,297	0	1,297	1,297	0	0	0	1,698
BTP - New Projects - Corporate Services	162	89	251	0	251	251	0	0	0	422
BTP - New Projects - CCAD	907	1,542	2,449	0	2,449	2,449	0	0	0	2,005
BTP - New Projects - Business Support	1,062	386	1,448	0	1,448	1,448	0	0	0	1,311
BTP - New Projects - Mobile & Flex	3,743	0	3,743	0	3,743	2,300	(1,443)	(1,443)	0	0
BTP - New Projects - HARP 1 Refresh project	85	0	85	0	85	85	0	0	0	0
BTP - New Projects - HARP 1 set up	0	24	24	0	24	24	0	0	0	0
BTP - New Projects - HR L&D	0	27	27	0	27	27	0	0	0	21
BTP - New Projects - Finance Systems Developments arising	250	0	250	0	250	250	0	0	0	0
BTP - Outline Business Cases	0	157	157	0	157	157	0	0	0	271
BTP - New Projects - New business cases	5,230	0	5,230	0	5,230	5,230	0	0	0	0
BTP - New Projects - Projects to be defined	3,000	0	3,000	0	3,000	3,000	0	0	0	0
BTP - New Projects	0	0	0	0	0	0	0	0	0	(184)
SAP Minor Developments	100	119	219	0	219	219	0	0	0	0
LBH Anywhere - ITO Milestone Payments	2,683	2,223	4,906	0	4,906	4,906	0	0	0	4,435
LBH Anywhere	0	8	8	0	8	8	0	0	0	(115)
Small Projects	200	91	291	0	291	291	0	0	0	100
BTP - Outline Business Cases - Access Harrow Change	0	0	0	0	0	0	0	0	0	0
ICT - Milestones	0	413	413	0	413	413	0	0	0	0
LAA Performance Reward Grant	0	551	551	198	748	749	0	0	0	7
Total	19,771	5,630	25,401	198	25,599	24,156	(1,443)	(1,443)	0	10,849
Adults										
Bentley Reablement centre	150	0	150	0	150	0	(150)	(150)	0	0
Millmans (Neighbourhood Resource Centre)	350	0	350	0	350	350	0	0	0	0
Residential Provision works	600	0	600	0	600	447	(153)	(153)	0	0
Social Care Sites	150	0	150	0	150	150	0	0	0	0
Supported Housing (HIV)	0	1,448	1,448	0	1,448	1,448	0	0	0	266
Stabilisation and development of Framework-i	0	56	56	0	56	56	0	0	0	24
Housing GF										
Affordable Warmth	150	0	150	0	150	150	0	0	0	0
Disabled Facilities Grants (owner occupiers)	845	0	845	0	845	845	0	0	0	274
Empty Property Grants	100	197	297	0	297	297	0	0	0	32
Private Sector Rented Housing (Renovation Grants)	515	0	515	0	515	515	0	0	0	0
Better Homes Grants	0	35	35	0	35	35	0	0	0	(29)
Social Reform Grant	0	0	0	20	20	20	0	0	0	0
Total	2,860	1,735	4,595	20	4,615	4,312	(303)	(303)	0	567
Place Shaping										
Civic Centre site development	500	0	500	0	500	500	0	0	0	0
Development of a Consolidated, Integrated Civic 1 Building	1,000	0	1,000	(55)	945	945	0	0	0	50
Heritage Projects	500	0	500	0	500	500	0	0	0	0
Town Centre Infrastructure	400	0	400	0	400	400	0	0	0	0
Green Grid	200	0	200	0	200	200	0	0	0	0
City Farm	250	0	250	0	250	250	0	0	0	0
Asset Development	250	0	250	0	250	250	0	0	0	0
Land Acquisition	1,500	0	1,500	0	1,500	1,500	0	0	0	0
Total	4,600	0	4,600	(55)	4,545	4,545	0	0	0	50

Capital Monitoring as at Period 3

	Original 2011/12 Capital Programme	2010/11 Carry Forwards	Revised Opening Programme	Additions / Reductions	Revised 2011/12 Capital Programme	Outturn forecast	Variance (before rephasings)	Rephasing	(Underspend) / overspend due to project completion with (lower)/higher project costs	Actuals & Commitments
Childrens Services										
Catering in schools	0	1,791	1,791	0	1,791	1,791	0	0	0	457
Catering in schools - Park High	925	0	925	25	950	950	0	0	0	0
School Amalgamation - Grange	750	0	750	0	750	750	0	0	0	0
School Amalgamation - Longfield	750	0	750	0	750	750	0	0	0	0
School Amalgamation - Elmgrove	1,500	0	1,500	0	1,500	1,300	(200)	0	(200)	0
School Amalgamation support	0	19	19	0	19	(45)	(64)	0	(64)	(0)
Primary Development - Marlborough phase 1	1,900	0	1,900	0	1,900	1,900	0	0	0	0
Primary Development - Weald	1,500	0	1,500	0	1,500	1,500	0	0	0	0
High School Development	350	0	350	0	350	350	0	0	0	0
IT	75	0	75	0	75	75	0	0	0	0
Capital Maintenance incl Scheme Developments	300	0	300	44	344	521	177	0	177	0
Short Breaks for Disabled Children	0	0	0	147	147	147	0	0	0	0
Autistic Spectrum Disorder provision in schools	0	0	0	0	0	(44)	(44)	0	(44)	55
Year 7 - Education Modernisation Improvements	0	65	65	0	65	65	0	0	0	(14)
Primary Capital	0	253	253	0	253	100	(153)	0	(153)	(31)
Devolved Formula Non VA schools	0	2,297	2,297	642	2,939	2,939	0	0	0	519
Whitmore (High School No.1)	0	0	0	537	537	522	(15)	0	(15)	3
Children's Centre	0	0	0	0	0	176	176	0	176	90
Targeted Capital	0	0	0	0	0	0	0	0	0	(73)
Practical Cooking	0	84	84	(0)	84	84	0	0	0	0
Project fees during defects period	0	62	62	0	62	62	0	0	0	0
Relocation of 80-82 Gayton Road	0	245	245	0	245	235	(10)	0	(10)	230
Total	8,050	4,817	12,867	1,395	14,261	14,128	(133)	0	(133)	1,236
Community and Environment										
Tree Planting & Parks, etc.	110	0	110	0	110	110	0	0	0	0
Corporate Accommodation	250	0	250	0	250	250	0	0	0	4
Carbon commitment	100	19	119	0	119	119	(0)	0	(0)	19
High Priority Major Works Corporate Buildings	440	0	440	0	440	440	0	0	0	2
Neighbourhood Investment Scheme	310	0	310	0	310	310	(0)	0	(0)	1
Public Realm Infrastructure - Highways Programme	4,340	0	4,340	0	4,340	4,340	0	0	0	2,770
Public Realm Infrastructure - Drainage Programme	320	30	350	0	350	350	0	0	0	113
Public Realm Infrastructure - Lighting Programme	974	0	974	0	974	974	0	0	0	0
Public Realm Infrastructure - Traffic & Parking	355	0	355	0	355	355	0	0	0	34
Public Realm Infrastructure	0	78	78	0	78	78	0	0	0	71
Recycling Schemes	50	0	50	381	431	431	0	0	0	0
School Landlord Works	750	0	750	0	750	750	0	0	0	0
Transport for London Schemes	2,249	677	2,926	918	3,844	3,851	7	0	7	1,189
Leisure Centre and other sites	100	67	167	0	167	167	0	0	0	(3)
Harrow Arts Centre Refurbishment	25	0	25	0	25	25	0	0	0	0
Headstone Manor Refurbishment	250	0	250	0	250	250	0	0	0	0
Hatch End Pool Modernisation	0	0	0	0	0	0	0	0	0	(28)
Hatch End Site Modernisation	0	146	146	0	146	146	0	0	0	148
Total	10,623	1,016	11,639	1,299	12,938	12,945	7	0	7	4,322
Housing Revenue Account										
Extensions Grant	200	83	283	(75)	208	208	(0)	0	(0)	70
Aids and Adaptations	600	100	700	0	700	1,100	400	0	400	122
Housing Programme	5,560	4,633	10,193	0	10,193	9,793	(400)	0	(400)	1,836
Total	6,360	4,816	11,176	(75)	11,101	11,101	0	0	0	2,028

General Fund

Table 1 Additions and reductions

Project/Scheme and details	£000
Corporate Finance & Strategy	
LAA Performance Reward grant – One off grant from the London Marathon Trust towards green gyms for £7k and £191k grant received in 2010/11	198
Total	198
Adults and Housing	
Social Care Reform Grant - One off grant received in 2010/11 from the Department of Health	20
Total	20
Place Shaping	
Development of a Consolidated, Integrated Civic 1 Building - Reduction to the capital programme for revenue related items	-55
Total	-55
Children's Services	
Catering in schools - Park High - Net increase in gross approval due to higher Park High School contribution	25
Capital Maintenance incl. Scheme Developments - Adjustment to agree to awarded Capital Maintenance and Basic Need grants	44
Short Breaks for Disabled Children - Short Breaks for Disabled Children Capital grant award for 2011/12	147
Devolved Formula Non VA schools - 2011/12 Devolved Formula Grant, including adjustment to agree to the carry forward in the 10/11 Statement of Accounts	642
Whitmore High School - Sports pitch incl. floodlighting (funded from Whitmore School contribution)	537
Total	1,395
Community & Environment	
Recycling Schemes - London Waste and Recycling Board award in relation to Flats Recycling	381
Transport for London Schemes - Adjustment to agree to actual TFL grants awarded	918
Total	1,299

Table 2 Rephasings

Project/Scheme and details	£000
Mobile and Flex	-1,443
Bentley Reablement Centre (grant funded)	-150
Residential Provision works	-153
Total	-1,746

Table 3 Housing Revenue Account

Reductions

	£000
Extensions Grant - Adjustment to agree the total approvals to the grant/funding carry forward in the 10/11 Statement of Accounts	-75
Total	-75

Rephasings

	£000
Health & Safety programme	-545
Enveloping works –Frances Road windows	-1,301
Door entry upgrade / renewal	-400
Total	-2,246

Schemes brought forward

	£000
Kitchens (including rewiring)	650
Bathrooms (including rewiring)	650
Lifts	200
Sheltered door entry & warden call	184
Gas heating	400
Total	2,084

Virements

Aids & Adaptations – increase required to clear case backlog	400
Direct costs	248
Major voids – anticipated additional capitalisation if repairs on void properties	24
Professional Fees	122
Sheltered voids – New scheme for conversion of three former warden properties	100
Millman Garden access – New scheme for communal garden access	40
New schemes – to be formulated and potential capitalisation of revenue costs	257
Enveloping programme – lower than expected spend on 2010-11 windows programme	-474
Boiler replacement & partial heating upgrades – rationalised programme	-350
Kingsfield Estate – environmental improvements lower estimated spend	-110
Environmental estates improvements – Augustine Road & Bancroft Gardens lower spend	-95
Total	162

Appendix 3

Appendix 3 Housing Revenue Account

	Outturn variation 2010-11	Revised Budget 2011-12 £000	Forecast Outturn 2011-12 £000	Variation £000	YTD Actuals £000	Explanation
Operating Expenditure :						
Employee Costs	-134	1,966	1,951	-15	439	Recharge from HGF lower than expected due to vacancies.
Supplies & Services	35	640	689	49	184	Over spend due to Communications Strategy and Printing of tenant statements for which there is no budget provision.
Utility cost	-320	679	663	-16	137	
Estate & Sheltered Services	250	2,246	2,225	-21	465	
Central Recharges	52	3,028	3,028	0	688	
Total	-117	8,559	8,556	-3	1,913	
Repairs expenditure :						
Repairs - Voids	156	619	869	250	138	The over spend mainly results from increased unit cost from £1,464 to £2,504. This is being investigated.
Repairs - Responsive	149	2,611	2,771	160	465	Increased unit cost from £98.86 per job to £115.90 offset by favourable variance on overheads results into net adverse variation.
Repairs - Other	-489	1,981	1,890	-91	452	The net under spend mainly represents £150k 2010-11 Kier overhead savings together with 2011-12 Kier overhead savings against Cyclical and Minor Estate Improvements. This is offset by overspend of £76k on employees cost.
Total	-184	5,211	5,530	319	1,055	
Other expenditure:						
Contingency general	140	173	173	0	0	
Charges for Capital	-556	6,943	6,830	-113	0	The net favourable variance mainly results from the anticipated s20 Capital receipts (£750k) which will be used to fund the capital programme and therefore reduce the borrowing cost.
RCCO	(500)	0	0	0	0	
Bad or Doubtful Debts	-102	200	200	0		
HRA Subsidy	404	6,988	6,988	0	700	
Total	-614	14,304	14,191	-113	726	
Total Expenditure	-915	28,074	28,277	203	3,694	

	Outturn variation 2010-11	Revised Budget 2011-12 £000	Forecast Outturn 2011-12 £000	Variation £000	YTD Actuals £000	Explanation
Income						
Rent Income – Dwellings	224	24,501	24,552	-51	3,771	Reduced voids turnaround period averaging 23 days against budget assumption of 28 days
Rent Income – Non Dwellings	47	754	733	21	221	
Service Charges - Tenants	(16)	649	651	-2	100	
Service Charges - Leaseholders	275	489	427	62	39	Adverse variance results from irrecoverable income of £61k relating to Ground Maintenance for 10-11.
Facility Charges (Water & Gas)	9	507	495	12	75	
Interest	0	6	0	6	0	
Other Income	-145	183	162	21	28	
Transfer from General Fund	(1)	163	163	0	0	
Total Income	393	27,252	27,183	69	4,234	
In Year Deficit	-522	822	1,094	272	-540	
BALANCE b/fwd		-3,779	-3,779			
BALANCE c/fwd		-2,957	-2,685			Balances are expected to reduce to £2,163k once £522k carry forward for External Decorations has been actioned.

Appendix 4

Council Tax

Currently, bad debt provisions (BDP) of £3.492m exist [£3.692m- £0.2m; w/off's done 01/04/11-30/06/11] for Council Tax against a potential BDP of £3.14m for debts accrued to 31 March 2011.

COUNCIL TAX	Arrears as at 1 st of April	Arrears as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2007-2008	668	597	100	597
2007-2008	610	568	86	488
2008-2009	857	782	73	570
2009-2010	1,292	1,164	54	628
2010-2011	2,365	1,933	43	859
Total	5,792	5,044		3,142

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £3.177 [£3.250m- £0.073m; w/off's done 01/04/11 to 30/06/11] exist for business rates (NNDR) against a potential BDP of £2.551m. But as the business rates are a call on the national non-domestic rate pool of central government there is no financial effect to this Authority.

NATIONAL NON DOMESTIC RATES (NNDR)	Arrears as at 1 st of April	Arrears as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2010-2011	1,908	1,285	100	1,285
2011-2012	0	1,688	75	1,266
Total	1,908	2,973		2,551

Council Tax and Business Rates Court Cost

Currently, bad debt provisions (BDP) of £0.751 exist for Court Costs against a potential BDP of £824k. From previous years trends, this amount of provision appears to be adequate and in line with our overall provisions policy.

Court Cost	Arrears as at 1 st of April	Arrears as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2008-2009	229	220	100	220
2008-2009	154	136	86	117
2009-2010	231	203	73	148
2010-2011	462	366	54	197
2011-2012	0	332	43	142
Total	1,076	1,257		824

Housing Benefits

Currently, bad debt provisions of £1.959m [£2.031m - £0.72m w/off's 1/4/11 to 30/6/11] exist for Housing Benefit overpayment debt against a potential BDP of £2.46m. The under provision will be funded from improved collection on overpayments.

Housing Benefit	Arrears as at 1 st of April	Arrears as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2009-2010	985	866	100	866
2009-2010	1,006	860	75	645
2010-2011	2,294	1,772	40	708
2011-2012	0	810	30	243
Totals	4,285	4,308		2,462

Debt Management as at Period 3

Housing Revenue Account

- This provision represents Service Charge, Current and Former tenants rent arrears. Within the HRA an annual contribution to provision of £200k is budgeted to support write offs and any changes in the required level of provision.
- As a result of the on going review Leasehold debt comprises £98k gross debtors. These are offset by credits which have been taken direct to the revenue account which mainly relate to electricity charges. Court action has commenced for the outstanding amounts. Credits will be repaid on demand, the balance being held to offset future billing.
- Current provision of £767k exists, after allowing for write off of debts no longer considered recoverable, against an estimated requirement of £748k and suggests a reduction of £19k.

	Outstanding Debt as at 01.04.11	Outstanding Debt as at 30.06.11	Bad Debt requirement	
<u>HOUSING – LEASEHOLDERS</u>				
Less than 30 days	0	0	0%	0
30 to 60 days	0	0	7.5%	0
60 to 90 days	0	0	15%	0
90 to 180 days	0	0	50%	0
181 to 365 days	0	0	75%	0
> 365 days	122	98	100%	98
TOTAL	122	98		98
BDP 01.04.11	122			
Less: write offs	-1			
BDP at 30.06.11	121			
<u>HOUSING – CURRENT TENANT ARREARS</u>				
Less than 30 days	161	145	0%	0
30 to 60 days	85	90	7.5%	7
60 to 90 days	101	102	15%	15
90 to 180 days	100	126	50%	63
181 to 365 days	78	73	75%	54
> 365 days	29	29	100%	29
TOTAL	554	565		168
BDP 01.04.11	159			
Less: write offs	0			
BDP at 30.06.11	159			
<u>HOUSING – FORMER TENANT ARREARS</u>				
Less than 30 days	44	39	0%	0
30 to 60 days	54	50	7.5%	4
60 to 90 days	105	99	15%	15
90 to 180 days	138	135	50%	67
181 to 365 days	234	219	75%	164
> 365 days	240	232	100%	232
TOTAL	815	774		482
BDP 01.04.11	505			
Less: write offs	-18			
BDP at 30.06.11	487			