

REPORT FOR: CABINET

Date: 15 December 2011

Subject: Revenue and Capital Monitoring for Quarter 2 as at 30 September 2011

Key Decision: Yes

Responsible Officer: Julie Alderson, Interim Director Finance

Portfolio Holder: Councillor Bill Stephenson (Leader of the Council 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 September 2011:

Recommendations:

- Note the revenue and capital forecast outturn position for 2011-12;
- Note the actions being taken to ensure that the forecast overspend is eliminated ;
- Approve the virements detailed in paragraph 22 and amendments to the Capital Programme as set out in appendix 2 Table 1.

Reason

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

Section 2 – Report

Introduction

The total projected reported outturn for the Council at the end of September is £179.084m against a latest budget of £177.518m which represents an over spend of £1.566m, a 0.88% variation to budget.

The table below summarises the position:

Original Budget	Directorate	Latest Budget	Reported Outturn	Variation		2010-11	
				Qtr 2	Qtr 1		
£000		£000	£000	£000	%	£000	£000
12,275	Asistant Chief Executive	13,986	13,820	-166	-1.19	50	-1333
3,566	Legal and Governance	3,570	3,570	0	0.00	73	8
7,834	Corporate Finance	9,400	9,400	0	0.00	-	-887
	Corporate Items	-630	-630	0	0.00	246	
23,675	Sub total Corporate	26,326	26,160	-166	-0.63	369	-2,212
67,508	Adults & Housing	68,030	69,686	1,656	2.43	690	-618
43,986	Community and Environment	46,458	47,398	940	2.02	536	-307
40,852	Children's	41,563	40,999	-564	-1.36	367	-588
4,382	Place Shaping	4,799	4,798	-1	-0.02	-	-347
180,403	Sub Total Directorate	187,176	189,041	1,865	1.00	1,228	-4,072
1,823	Inflation and Corporate Items	1,058	1,200	142	13.42	17	-1,884
-4,462	Capital Financing	-8,448	8,889	-441	5.22	200	2,601
-2,580	Council Tax Support Grant	-2,580	2,580	0	0.00	-	
	Earmarked Reserves	-13	13				
	Carry Forwards	0	-				2,213
325	Provisions	325	325	0	0.00	-	7
175,509	Total Budget Requirement	177,518	179,084	1,566	0.88	1,011	-1,135

Directorates' Position

- The outturn position for the Directorates is £189.041m against a latest budget of £187.176m, which represents an over spend of £1.865m, a variance of 1.0% of the net budget. This is offset by a favourable variance of £0.299m which results from an under spend on the capital financing budget. The overall position has worsened since quarter 1 by £0.555m. The position is improved by £0.300m requested in paragraph 17 for a drawdown from an earmarked reserve set up for the specific purpose for which it is requested. This reduces the overall over spend to £1.266m. However, this is a one off

reduction, and management action, as set out in this report is being taken to further reduce and contain the underlying pressures.

- 2) There are a number of other risks being managed which could potentially increase the overspend figure, which are explained in the report. Therefore in order to eliminate the forecast over spend and proactively manage the emergent risks, CSB in conjunction with the Leader of the Council have issued a Spending Protocol requesting that all non essential spend is stopped and action taken in order to ensure that expenditure is contained within budget.
- 3) The Directorates are working closely with finance to identify all areas where spend can be safely stopped. It is anticipated from the work undertaken so far that the position can be brought back under control by quick and decisive action being taken. It is not considered that this will be detrimental to vulnerable service users. Dependent upon how much further risk is realised, it is intended that the actions being taken should eliminate the overspend and realise an under spend which would help bolster the funds required to meet in year and future redundancy costs, resulting from restructures and Transformation projects.
- 4) The actions being taken are as follows; a Spending Protocol has been issued to all budget holders setting out the required actions to be taken with immediate effect; all unnecessary spend has been stopped; projects not commenced are being deferred where the impact can be safely managed; opportunities for savings in year are being explored; procurement opportunities are being maximised as referred to at paragraph 19; agency spend is being reviewed and costs are being managed down; weekly monitoring of the risks and the impacts of actions being taken; progress reports to Departmental Management Teams to ensure the plans are working. Given the time period between quarter 2 which reports to end of September, and the date for this report to be sent to Cabinet, it is possible to report that there is clear evidence of further savings being made as a result of actions being taken.
- 5) Harrow is a high performing, low cost council. The Budget and Medium Term Financial Strategy set for the period 2011/12 – 2013/14 highlighted key risks in the budget due to the worsening economic climate and the squeeze on public expenditure. The pressures which have materialised in year in relation to Adults and Housing are largely those which were anticipated risks. A Contingency of £1m was set up as part of this year's budget to deal with unforeseen events and risks such as: demand for Children's and Adults services; an increase in homelessness due to benefit changes; achievement of income budgets and; the outcome of consultation which could not be presumed. £0.400m will be required as a drawdown on the Contingency, as set out at paragraph 21, on the basis that the Adults consultation agreed by the Cabinet in October will require transitional arrangements, which includes a comprehensive financial reassessment for both existing and new clients, and therefore the income target will substantially not be recovered in year. The risk in relation to homelessness has also transpired and the specific earmarked reserve for this purpose will also be required.

Corporate Directorates

- 6) The Corporate Directorates are forecasting an under spend of £0.166m as detailed below:-
 - Assistant Chief Executive is reporting an under spend of £0.166m. This is an improvement of £0.216m, resulting mainly from additional income from Service

Level Agreements (SLAs) with schools in relation to payroll and insurance services which offset pressures arising on the loss of income in relation to academies. £0.116m relates to a carry forward of budget on Local Area Agreement (LAA) activities agreed with partners. It is likely that not all of this will be spent in year but it is likely to be required in 2012/13 given that this is the only pump priming resource available to the partnership following the abolition of Local Area Agreements.

- Legal and Governance are reporting a balanced position, which is an improvement of £0.073m. The pressure arising from the unbudgeted costs of two by elections (£0.060m) and the irrecoverable cost of the referendum has been contained by additional income;
- Corporate Finance continue to report a balanced position, although there are a number of offsetting pressures and under spends, which are being closely monitored. There are potential pressures arising on the costs of the interim procurement directorate leads and management action is being taken to manage these costs;
- The adverse budget variance on corporate items of £0.246m reported at quarter 1 has been contained. Previously reported pressures on New Homes Bonus grant (£0.021m), additional costs of £0.022m in respect of the judicial review of the London Borough Grant Scheme, and a further pressure of £0.016m relating to the capital investigation are offset by a credit on the accounts payable suspense account. The remaining pressures of £0.088m for costs in respect of the Terms and Conditions project, £0.0275m in respect of the Let's Talk campaign and £0.0545m in respect of website development to facilitate community engagement have been presented as bids to the Transformation and Priority Initiatives Fund (TPIF) and have been approved by the Leader. The pressure of £0.030m additional administration costs of voluntary severance (VSS) is requested as a virement against the Carbon Reduction Commitment (CRC) grant which is surplus to requirement. The position on the TPIF and the requests for virements are set out at paragraphs 20 and 22.

Adults and Housing

- 7) The Adults and Housing Revenue Budget for 2011/12 is predicated on total savings of £4.3m of which around £2m have been realised. Adults and Housing are forecasting an adverse variance of £1.656m which is an additional pressure of £0.966m since quarter 1. Of this Adult Services is forecasting an over spend of £1.238m which is a worsening of £0.748m; and Housing is forecasting an overspend of £0.418m which is a worsening of £0.218m. The pressure reported on Adults of £1.238m assumes that the £0.400m income due post consultation will substantially not be achieved in year and will be a call against the Contingency, once the final figure is known, as referred to in paragraph 5 above, and set out at paragraph 21.
- 8) The forecast outturn on Adults reduces to £1.096m after the virement of £0.142m requested at paragraph 22 is approved, and is dependent upon achieving further efficiency savings of around £0.875m. The delivery of these savings is expected in the next 6 months, and is being monitored on a weekly basis. However, there is a risk around achieving all of the savings. There are a number of further risks in other areas; the PCT has to make efficiencies of £50m over 2 years which could impact Adults Social Care; the Agency Working Directive which came into force on 1 October this year is anticipated to add further cost to agency workers and work is underway to establish this. There are a number of risks in relation to disputes with other Boroughs for which provision has been made.

- 9) The main pressures emanate from the Purchasing Budgets which cover – Long term care; Safeguarding; Reablement and Personalisation. The underlying pressure on these budgets is £1.8m, assumptions traditionally used by the department have proved not to be valid this year including scale of home care packages and turnover of service users, this is supported by the national picture. The pressure is partly mitigated in year by reprioritisation of £0.800m of one off budgets. This includes £0.433m carried forward on the Supporting People grant and the £0.142m virement requested. These are one off arrangements and therefore the Directorate with finance support are reviewing the actions required to reduce the on-going impact. There are 2 bids for funds from the Contingency and the Transformation & Priority Initiatives Fund which have been approved by the Leader and are included at paragraphs 20 and 21. These relate to the cost of the consultation £0.115m (Contingency), which was signalled in the quarter 1 report and £0.200m (TPIF) in relation to the transitional arrangements on care need and financial reviews, for additional capacity to enable annual and financial reviews to be undertaken for all those clients who could be affected by the consultation outcomes.
- 10) The Housing General Fund is forecasting an increased over spend of £0.418m compared to £0.200m reported in quarter 1. This results from a continuing increase in the number of families being placed in Bed and Breakfast accommodation. The budget assumed an average of 4 families for a full year based on recent experience. The Council anticipated that the changing economic and policy climate would result in increased pressures on the homelessness budget; a specific provision was set up to manage this risk. However, at the end of September the average was 46 families with 58 families placed at the end of the period. It is probable that this trend will continue and the forecast year end position assumes there will be 75 families in Bed & Breakfast at the end of the financial year resulting in an estimated pressure of £0.378m. In view of the increasing pressure a request is being made to the Cabinet for the release of a £0.300m earmarked reserve set up specifically as part of the 2011/12 budget to address the impact of any pressures arising in this area. This is set out at paragraph 22.

Community and Environment Services

- 11) Community and Environment are forecasting an over spend of £0.940m which is a worsening of the position since quarter 1 of £0.404m. The main changes relate to Property and Infrastructure which is forecasting an overspend of £0.647m compared to £0.079m at quarter 1.
- 12) The over spend results mainly from a reduction in capital projects which affects the Major Works team and the Asset Management Team. There is also a reduction of capital related expenditure in respect of Schools Delegated Building maintenance. It was recognised as part of the 2011/12 Budget and MTFS that a decapitalisation strategy was required to reduce the reliance on staffing and other costs being charged to capital in the future. However, because of the sudden reduction in the Capital Programme, the planned strategy of £1m over 4 years is not sufficient to meet the pressures arising in year. As there are a substantially reduced number of capital projects for these staff to be charged against, they are a pressure on the revenue budget. Where there is an opportunity for the staff to deliver capital related projects, this will help mitigate the pressure, although this is likely to be limited. There is a Property Services restructure which is currently being consulted on, which will reduce

the number of staff in this area before the end of the financial year. A redundancy reserve has been earmarked to meet potential costs.

- 13) The other major areas of over spend previously reported relate to: Public Realm Services (£0.333m), and Trade Waste income (£0.462m); Civic Amenity sites reduction in commercial waste (£0.111m) and a decline in cemeteries income (£0.160m); and parking enforcement income (£0.346m) which has improved by £0.065m since quarter 1. The overall pressure is reduced by an allocation of £0.188m in respect of above average inflation on utilities factored into the 2011/12 budget and a number of other savings across salary, increased rental income and general overhead, costs. Community and Culture is forecasting a small over spend of £0.042m.

Children's Services

- 14) Children's Services are projecting an increase in their under spend since quarter 1. The position forecast has moved from a £0.367m under spend to a £0.564m under spend, an improvement of £0.197m. The main reasons for the improvements are as follows: the new operating model for the nursery at Gange Children's Centre approved by Cabinet in June this year is expected to deliver £0.148m savings in 2011/12. The other major area of improvement is in relation to the Young People's Service where the forecast under spend is £0.531m, an improvement of £0.203m on quarter 1. This is partly due to the number of children in looked after places continuing to be lower than anticipated in the budget and also as a result of successful procurement initiatives. This budget is volatile and always carries the risk of an unforeseen increase in numbers. The other area of saving is £0.135m from the number of Leaving Care clients leaving the service. There have also been some offsetting pressures on the Special Needs Service, on children with disabilities respite care requirements and a reduction in the under spend on Safeguarding, Family Placement and Support due to increased use of agency staff in the Referral and Assessment team of £0.136m resulting from difficulties in recruiting permanent staff.

Place Shaping

- 15) Place Shaping continues to forecast a balanced position. This includes containing a pressure of £0.050m on unrealised income due to a delay by Parliament in passing the Bill to allow the authority to set its own charges. There are a number of other areas of pressure, in particular around planning appeals for which management action has been taken to contain costs.

Inflation and Corporate Items

- 16) The forecast outturn has worsened since quarter 1 and is projecting an over spend of £0.142m compared to an under spend of £0.017m at quarter 1. The main change relates to an adverse variance of £0.367m on the Transformation programme relating to the Business Support project which is an increase of £0.209m since quarter 1. There is a renewed focus and management action being taken to get the project back on track.

Capital Financing

17) The forecast outturn has improved and shows a favourable variance of £0.441m, which is a movement of £0.241m. The change is as a result of improvements in forecast investment income from more favourable rates on longer term deposits over 12 months. It is proposed that £0.142m of the surplus is vired to Adults and Housing to help with the Adults pressures. The request is set out at paragraph 22.

Housing Revenue Account (HRA)

18) The position on the HRA has improved and is showing a forecast under spend of £0.097m, which is an improvement of £0.364m since quarter 1. The improvement is mainly due to the Utilities review £0.106m which has identified savings on gas and electricity charges to sheltered housing, and the Leasehold review where estimated charges have reduced by £0.100m.

Procurement Savings

19) Against the corporate target of £2m, the cashable savings achieved to date are in the region of £1.3m as set out in the quarter 1 report. The procurement team have secured further efficiencies on specific tenders across directorates and are focusing on low value spend, ensuring that everyone in the council adheres to the corporate contracts and stops maverick spending. The additional savings identified and/or delivered are potentially up to £1.1m. Some of these are cost avoidance and therefore not cashable. However, the full target of £2m cashable savings is expected to be delivered in year. The Finance and Procurement team are working closely with the Directorates to ensure cashable savings are extracted from budgets. Where these represent on going lower costs they will be built into the base budget. It is not anticipated that there will be a shortfall against target.

Transformation and Priority Initiatives Fund (TPIF)

20) The balance on the TPIF was reported at quarter 1 as £2.529m, of which, £1.563m is specifically required for potential invest to save projects and severance related costs, leaving a balance of £0.966m available for transformation and priority initiatives bids. The principles of bidding and the use of this fund have been agreed with the Leader. The following bids put forward by the directorates have been approved by the Leader in late September. Against the invest to save/severance available funds of £1.563m there are approved bids of £0.526m leaving £1.037m, and against the transformation/priority initiatives funds available of £0.966m, there are approved bids of £0.4884m, leaving £0.4776m. Overall, there is £1,514.6m remaining at the end of quarter 2. This will not be drawn down further unless urgently required and for severance costs, until there is a more stable position on the overall budget.

No.	Directorate	Description	£000	£000	Status
1	Adults	Cost of West London joint procurement unit in relation to purchase of care and contract monitoring	16		Repayable from savings in 2012-13

2	Place-Shaping	Redundancy costs brought forward to secure greater savings	47.4		Repayable
3	Chief Executive	Costs of modernising terms and conditions of Harrow pay	88		Repayable
Subtotal				151.4	Repayable
4	Adults	Additional capacity for annual and financial reviews	200.0		
5.	CEX	Let's talk III	27.5		
6.	CEX	Web Development	54.5		
7	Finance	Development of Policy on SLA charging and trading	30.0		
8	Place Shaping	Outer London Fund	25		
Sub -total				337.0	Not Repayable
Overall total bids Transformation/Priority Initiatives				488.4	
Fund Available				966.0	
Remaining after approved bids				477.6	
9	CEX	Customer Contact /Assess and Decide Severance	126.0		
10	Children's	Achievement & Inspection Severance	400.0		
Subtotal Invest to Save/Severance				526.0	
Fund Available				1,563.0	
Remaining after approved bids				1,037.0	
Total overall TPIF Remaining			1,514.6		

Contingency

21) The Contingency set up as part of the 2011/12 budget stands at £1m. The following bids totalling £0.5635m have been made against the contingency. These are all approved by the Leader leaving £0.4365m available to allocate. However, there is the possibility that some income on the Adults' consultation may be realised in year, and so the whole £0.400m may not be required. It is prudent at this stage to assume that it will be drawn down.

Directorate	Description	£000
Adults	Consultation shortfall in income	400
Adults	Cost of consultation	115
Children's	Academies Transition	48.5

Total Bids Approved		563.5
Total Contingency Fund		1,000.0
Remaining after approved bids		436.5

Other Virements

22) Other virements being requested at quarter 2 are detailed below.

Description (from)	Description (to)	£000
Capital Financing Surplus	Adults & Housing	142.0
Carbon Reduction Commitment surplus	VSS Administration	30.0
Stronger Safer Community Fund Grant	Mainstreaming – Prevention of Domestic Violence	37.1
Earmarked Reserve for Homelessness	Housing GF (Bed & Breakfast)	300.0

Debt Management

23) There are no debt write offs requiring Cabinet approval to report in quarter 2. A full update will be provided in quarter 3.

Capital Programme

24) The total Capital Programme at the end of quarter 2 stands at £73.6m (£62.4m GF and £11.2m HRA), this is an increase of £0.555m from the quarter 1 position reported to September Cabinet. It should be noted that the Housing General Fund (GF) Capital Programme includes an increase on the Disabled Facilities Grant (DFG) of £1m. This was agreed by the Cabinet on the basis that the increase would be funded by a corresponding decrease in the GF Capital Programme. An adjustment of £1m has been made as detailed below at paragraph 26.

25) The outturn forecast is £56.5m (£46.2 m GF and £10.3m HRA), resulting in variances of £16. 2m on GF projects and £0.872m on HRA projects. However, within the above variances around £16.0m relates to 'rephasings' and therefore the under spend after rephasings is £0.939m on the GF and £0.218m on the HRA.

26) The £0.939m under spend results from under spends of: £0.275m on the Civic Centre site development project; £0.105m on Children's projects; £0.680m on Business Transformation projects; £0.100m on small projects; £0.165m on Residential Provision works and Renovation Grants and; a potential £0.605m under spend on School Landlord Works . This is offset by the £1m additional allocation to the DFG budget. For note only : the technical adjustment is required to reflect the decision to report the Affordable Warmth project within Community and Environment in Q2, whereas it was previously reported within Housing GF

27) Information by directorate and by project is detailed in Appendix 2. The Cabinet are asked to approve the additions to the Programme of £555k (GF £462k and HRA £93k) and to note the potential re-phasings of £15.330m on the GF and £0.654m on the HRA as detailed in Appendix 2.

Financial Implications

28) Financial matters are integral to the report.

Environmental Impact

29) There are none directly related to this report.

Performance Issues

30) 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

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

Risks included on Directorate risk registers? Yes

Equalities Implications

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

Corporate Priorities

33) 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: 24 November 2011		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 22 November 2011		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap



Divisional Director Partnership
Development and Performance

Date: 21 November 2011

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
Environmental Services

Date 21 November 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

[Call-in applies]

Revenue Commentary as at Period 6

Corporate

Service	Revised Budget	Forecast Outturn	Variance		
			Period 6		2010/11
			£000	%	£000
Corporate Finance - main	9,400	9,400	0	0	-566
Corporate Items - CF	-630	-630	0	0	-321
Corporate Finance Total	8,770	8,770	0	0	-887
Legal & Governance	3,570	3,570	0	0	8
Asst Chief Exec Dept	13,246	13,196	-50	-0.4	-1,337
Corporate Items - ACE	740	624	-116	-15.7	4
Chief Executive Total	13,986	13,820	-166	-1.2	-1,333
Total	26,326	26,160	-166	-0.6	-2,212

Corporate Finance Directorate

1. The cost of issuing warrants for penalty charge notices has increased by £2 per warrant from the beginning of April. This is anticipated to cost £33k.
2. The closure of Harrow Magistrates Court and the transfer of arrears case to Brent are anticipated to have an adverse impact on the net cost of collecting Council Tax. There is an additional budget pressure arising from the greater length of time taken getting to and from Brent impacting on staffing estimated at £101k.
3. These costs have been offset by savings within Housing Benefits from staffing savings and an increase in the recovery of Housing Benefits overpayments.

Chief Executive

4. Overall the directorate is projecting a net saving of £50k. Within this there is a potential adverse variance of £90k on insurance. This arises from the conversion of High schools to academies. It is no longer possible to offer an insurance service but the costs have not reduced as much as the SLA. It is being offset by a number of savings across the directorate from increased SLA income (£91k), staff savings (£20k) and a reduction of £30k in ITO costs.
5. There is an under spend of £0.116m on the Local Area Agreement (LAA) which is likely to be requested next year.

Legal & Governance

6. The directorate is now projected to be in balance. A pressure of £60k in relation to 2 by- elections has been contained by additional income from land charges and registrars.

Corporate Department Corporate Budgets

7. There is an adverse budget variance of £21k on the New Homes Bonus Grant. The budget was based on indicative information suggesting a grant of £700k. The grant was finally confirmed at £679k therefore leaving a budget pressure.

8. An additional call of £22k 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. The balance of further costs arising from the review has been met from reserves held by London Councils. This is currently a budget pressure.
9. Costs of £16k have been incurred in respect of the management investigation.
10. There is a saving to date of £59k in relation to the goods received / invoice received account.
11. There is a corporate procurement savings target of £2m within the budget. To date cashable savings totalling £1.3m have been identified towards this target and work is progressing to identify the balance of the target.

Other Corporate Items

12. There are adverse variances on the cross cutting Business Support business case totalling £397k as follows:
 - £158k arising from the Business Support business case agreed at March Cabinet showing lower savings than assumed in the MTFS agreed at February Cabinet.
 - £100k as a result of the business case assuming that 4 posts vacant from the 2010 VSS would contribute to the Business Support saving from April 2010. In practice these savings are being retained by service directorates until implementation.
 - £139k as a result of delays in implementation and hence later realisation of savings.

Adults and Housing

Service	Revised Budget	Forecast Outturn	Variance		
			Period 6		2010/11
			£000	%	£000
A&H Transformation	1,079	1,064	(15)	(1.4)	(56)
Commissioning & Partnerships	15,797	15,216	(581)	(3.7)	(848)
Long Term Care & Safeguarding	22,163	22,988	825	3.1	372
Reablement & Personalisation	23,326	24,247	921	3.9	345
Strategic Management	1,476	1,564	88	6.0	(165)
Adult Services	63,841	65,079	1,238	1.7	(352)
Housing GF	4,189	4,607	418	10.0	(266)
Adults & Housing Total	68,030	69,686	1,656	2.4	(618)
HRA	1,344	1,247	(97)	7.2	(522)

Emerging Issues

Adult Services

1. The Adults and Housing Revenue Budget for 2011-12 contains a substantial package of savings totalling £4.3 million. The forecast outturn of £1.1m on adult services assumes that all MTFs efficiencies are fully achieved in year. Some of the savings have already been achieved and evidenced by reduced contract prices; those that have not yet been delivered are expected to be delivered within the next 6 months and arrangements are in place to monitor these on a weekly basis.
2. Cabinet considered at its meeting of 18th October specific proposals in relation to the consultation. Cabinet agreed transitional arrangements for the implementation of proposals with new charges for existing service users from April 2012; as a result, the anticipated efficiencies of £400k in 2011/12 will be significantly reduced and the contingency fund established as part of the 2011-12 budget process in this respect will most likely be all required.
3. Purchasing Budgets - Long term care, Safeguarding, Reablement & Personalisation – Latest reports from Frameworki suggest that after taking account of MTFs efficiencies and other savings on purchasing budgets identified by the Heads of Service, the underlying pressure on purchasing budgets is £1.8m. The pressure of £1.8m is mitigated by reprioritisation of approximately £0.8m of resources available to the Directorate (e.g. £433k from the Supporting People budget and a proposed virement of £142k from the corporate capital financing costs); however, as these resources are largely one-off, the Directorate together with Finance are reviewing further actions that can be taken to reduce the pressure for 2012/13 and onwards, and will advise further growth to fund the full year effect of the 2011/12 position at the commissioning panel. Additional actions are also being considered to support reducing the pressure in 2011/12 more in line with the position reported for Quarter 1, but as this remedial action has not yet been fully tested it is considered appropriate to report the current position. The scale of efficiency savings to be found this year makes it very likely that there will be a year end overspend, but the Directorate is working hard to minimise this and reduce the ongoing impact into 2012/13 where possible.

4. The PCT is required to make £50m efficiencies over 2 years, a small proportion of which have been identified. As the efficiency plan is further developed there may be an impact on Adults Social Care. All invoices relating to ICES for 11/12 have yet to be paid and a revised invoice has been raised for the 1st half based on actual usage by the PCT. There are early indications that current funding arrangements for s117 service users may be challenged and that a number of continuing care cases may be raised with the Council. Ongoing risks as a result of the financial position of NHS Harrow and in particular continuing care costs may add further pressure.
5. The impact of the Agency Working Directive has yet to be established. Work is ongoing to establish the cost to Adults & Housing; this will be part year effect [3 months] in 2011-12.
6. Framework1 – Further cleansing work has been undertaken together with migration of data to reflect the new structure and, as a result, budget holders are able to forecast with a greater degree of accuracy. Improvements to the availability of management information from Framework1 on activity data and unit costs are also planned.
7. Adults & Housing Transformation – As part of the Cabinet report in relation to the Adults consultation it was agreed that the costs of the consultation of £115k will be funded from the Corporate Transformation budget as assumed in this report. In addition, a further bid of £200k has been agreed to support the care management and financial assessments to enable contributions to be collected from existing service users from April 2012.
8. Commissioning and Partnerships – In addition to an under spend on prevention of £130k previously identified, the Directorate is reprioritising the unspent Supporting People budgets of £433k to assist in managing down the pressure on the purchasing budget on a one-off basis to mitigate the pressures on the adult social care purchasing budgets for long term care, safeguarding, reablement and personalisation.

Housing GF – revenue

9. The 2011-12 budget assumed average of 4 families in B&B for a full year. At end of September the average was 46 families with 58 families placed at the end of the period. It is likely this increasing trend will continue, and the forecast assumes 75 families in B&B at the end of the financial year resulting in estimated pressure of £378k.

The Corporate contingency provision included £1m for unforeseen risks such as this and the Council received a grant of £300k in 2010-11 which has been set aside as an earmarked provision. In addition, the Homelessness Prevention Grant in 11/12 was increased from £200k to £600k; however the increase in this grant funding was used to support both the corporate contingency provision and the overall Council budget, rather than to assist managing the increasing costs of homelessness.

As an allocation from the Corporate Contingency provision cannot be made at this stage, it is proposed the earmarked provision is utilised to offset the impact of B&B in 2011-12. The anticipated impact of increasing B&B costs has been included as part of the Commissioning Panels in October.

10. The resolution of care management and consequent appointment of Creative Support at Watkins House has caused pressure on the GF budget of £40k due to additional hours of care support commissioned. However, this should alleviate pressures elsewhere, for example in Residential, as more clients are moved in.

HRA – revenue

11. Review of period 6 indicates under spend of £97k, mainly comprising variations of £111k- adverse variance on repairs; £146k-favourable variance on Utilities; £161k-favourable variance on Capital charges & Subsidy; and £99k-adverse across other cost headings.

Community and Environment

Service	2011-12		Variance			Variance as a %
	Revised Budget £000	Forecast Outturn £000	Outturn as at Period 6		2010/11 £000	
			£000	%		%
Community & Culture (Note 1)	8,530	8,572	42	0.5%	-293	-3.1%
Environment (Note 2)	37,040	38,048	1,008	2.7%	233	0.7%
Directorate Support & Performance (Note 3)	888	778	-110	-12.4%	-247	-30.2%
Total	46,458	47,398	940	2.0%	-307	-0.7%

Libraries, Community & Cultural Services

1. Community & Culture is forecasting £42k overspend, a positive movement of £16k from period 5, largely as a result of a member of staff in Grants and Community Lettings leaving and their post being covered by less costly agency workers (£31k). This is offset by forecast overspends on salary costs in Harrow Museum of £16k.

- **Community Development** is forecasting a £26k overspend due largely to delay in delivery of MTFS relating to the restructure and review of the Community Development service. This adverse variance has reduced by £36k from the previous period largely due to staff savings as described above.
- **Cultural Services** is forecasting a £19k overspend. The Arts Centre is reporting an adverse variance of £39k, primarily due to higher than anticipated utilities costs (£18k), reduced income from box office (£7k), loss of income from hire of Greenhill room due to the delay in the replacement room (£4k) and salary costs at the Hatch end arts centre (£10k), Music Services is showing an adverse variance of £26k resulting from unanticipated teachers pension. This is offset by favourable variance resulting from a vacancy in cultural services management team of £40k.
- **Libraries and Museum** is forecasting an under spend of £3k, this is an adverse movement of £16k from period 5 due to forecast overspends on Harrow Museum salaries costs.

Environment

Environment is forecasting to be £1,008k overspent.

Community Safety

2. Community Safety is forecasting to be £28k overspent. This is a positive movement of £201k from the previous period, largely due to (£100k) profit share from Trading Standard Services provided by Brent ; reduced forecast spend on supplies and services across environmental health and increased forecast income in animal services (£20k), overall increased forecast recovery of enforcement income (£55k) and increased forecast recovery of licensing income (£27k). Overall overspend is largely due to challenges in achieving the income for parking enforcement and animal services. These have been offset by savings from renegotiating a reduction in Town Centre Policing Precept and managing vacancies across the service.

- **Parking Revenue Account** is currently forecasting a £346k, a positive movement of £55K from period 5 due to improving position on enforcement income and Control Parking Zone (CPZ) machine income. The continuing challenge to enforcement income is due to the following conditions: Prevailing trading conditions (downturn in the economy) will lead to lower enforcement as fewer cars on the road etc. Increase in compliance, once motorist are penalized they are more careful the next time, therefore fewer PCN are being issued. Harrow is not exempt from this declining trend.

Continued tighter performance measurement is required to further reduce the shortfall in income target.

- **Environmental Health** is forecast to be £55k overspent a positive movement of £20k from period 5 due to forecast increases in pest control income (£10k) and reduction in supplies and services expenditure (£10k). The overspend is primarily due to Animal Services (£73k). Current forecasts suggest that the pest control service will be unable to generate sufficient income to cover the total cost of the statutory service. Options are currently being considered for increased marketing to raise additional income.
- **Car parks** is £77k overspent, 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.
- **Anti Social Behaviour** is forecast to be £74k under spent due to a saving on a renegotiated contract with the Met Police on Town Centre policing.

The above overspends are offset by under spends due to vacancies across Community Safety of £276k and profit share from Brent of £100K.

Property & Infrastructure

3. The forecast outturn for Property & Infrastructure is £647k overspent against budget which is a negative movement of £57k on period 5. The majority of the movement is due to salary costs (£52k) for a Senior (asbestos) Surveyor

previously charged to the Landlord Repairs capital budget which has not been approved by Capital Forum, increased forecast for H&S remedial work (£63k) following cyclical service for schools, increased forecast (£60k) for Civic/Depot energy costs, additional loss of capital income in Major Works (£101k), further LoPS income reduction (£20k), and roof repairs (£36k) required for Civic 5/6, offset by £73k savings put forward by Engineers.

The total £647k overspend is therefore as a result of de-capitalisation and uncertainty over the level of service required from the Major Works team analysed as follows:

- Major Works (£339k);
- Asset Management (£352k);
- Schools Delegated Building Maintenance (£225k);
- Head of Property Services (£49k); and
- Facilities (£43k)

In addition, there are forecast overspends relating to an increase in street lighting (£161k) and Facilities' (£60k) energy costs; Civic Centre general rates (£36k); water rates (£44k) for the Depot; Remembrance Sunday (£10k); a forecast reduction in income from the LoPS scheme (£95k); and the Directorate's contribution of costs for the re-tender of planned and reactive maintenance services (£25k). Housing's contribution towards this re-tender is £50k.

This is offset by under spends as follows:

- Under spends on salaries offset by less capital income in Minor Works (£122k);
- Salary savings due to the delay in recruiting permanent staff in Asset Management (£62k), Climate Change (£29k) and Road Safety (£11k) and the reduction in agency staff in Major Works (£74k)
- Net additional income (£91k) from disabled facilities grants due to an expected increase in throughput for Adaptations;
- Increased rental income (£36k) from Depot sublets;
- Net under spends (£179k) across the service on containing general overhead costs; and
- Transfer of budget made available by corporate finance to reduce forecast energy overspends (£188K).

Public Realm Services

4. Public Realm Service is reporting £333k, an adverse movement of £88k from period 5. The main reason for this movement is a forecast increase of £63k in salary costs. This relates to a number of posts across PRS that are going to be filled from 01 Jan 2012. In addition, after a 6 month review and establishing the trend, it is now expected the fuel will cost £23k more for the year than was anticipated in period 5.

Income recovery in Public Realm remains the main challenge this year. The main elements are;

- Trade Waste - £462k variance primarily due to ongoing economic down turn. Trade Refuse income is showing for the third year running decline in income, from adverse variance in 2009 of £208k it has declined to a projected adverse variance

of £462k this year. Also in previous years the under recovery 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.

- CA Sites - £111k variance against budget due to reduction in commercial waste tonnages (in particular building waste) deposited at the CA site, leading to reduction in income. This income stream is again impacted by the down turn in the economy.
- Cemeteries - £160k – Income has been declining over the years and management of and charging of these services is being reviewed.

These under recoveries follow trends of previous years and costs relating to the above income streams have been managed to minimise the overall net position in the current year.

5. Directorate Support & Performance is forecasting a £110K under spend which is due to managing expenditure to mitigate the overall overspend within the directorate

Children's Services

Service	Revised Budget	Forecast Outturn	Variance		
			Period 6		2010/11
			£000	%	£000
Children's Services Management	859	859	0	0	(890)
Schools Quality & Commissioning	2,715	2,813	98	3.6	(82)
Early Years Service	1,171	1,023	(148)	(12.6)	(303)
Safeguarding, Family Placement and Support	13,974	13,893	(81)	(0.6)	300
Special Needs Service	9,210	9,308	98	1.1	169
Young People's Service	5,851	5,320	(531)	(9.1)	205
School Development	1,773	1,773	0	0	(34)
Schools	6,010	6,010	0	0	47
Total	41,563	40,999	(564)	(1.4)	(588)

Schools Quality and Commissioning is projecting an overspend of £98k relating to staffing costs following the capital investigation. This is the proportion of the Capital Programme team's salary costs that cannot be charged to capital.

Safeguarding, Family Placement and Support is forecasting an under spend of £81k made up of the following:

- £97k one off savings relating to the favourable settlement of historic agency invoices.
- £120k under spend 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 the new business support model.
- A combination of sickness and difficulties in recruiting to permanent positions has increased the use of agency staffing the Referral and Assessment team by £136k.

Early Years

The new operating model for the nursery at Gange Children's Centre, approved by Cabinet in June, aimed to deliver savings from 2012/13 to contribute to the MTFS. Due to the swift implementation it is expected to deliver savings of £148k in 2011/12.

Special Needs Service

The Transport Service is reporting pressures on staffing and vehicles totalling £30k at period 6. 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.

Due to an increase in client numbers, mainly resulting from the new statutory requirement to provide respite care, the Children with Disabilities client costs is forecasting a likely pressure of £105k.

Children Looked After (CLA) and Leaving Care Placements

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 6 there is a forecast under spend of £326k. This partly reflects a lower number of children in CLA placements compared to that assumed when setting the budget but also results from procurement initiatives of the placements team to reduce placement costs. The number of CLA at 30 September 2011 is 148, compared to 147 at 31 August. This budget is demand driven so is volatile and will vary throughout the year.

Young People's Service

A full review of the Asylum client costs at period 6 has revealed a potential under spend of £166k, of which £31k results from the final 2010/11 grant settlement being more favourable than previously assumed. The remaining £135k results from a number of Leaving Care clients leaving the service.

An under spend in Youth Services of £68k has resulted from early staffing reductions in preparation for delivering the Children's Services New Operating Model.

Place Shaping

Service	Revised Budget	Forecast Outturn	Variance			
			Period 6		Period 5	2010/11
	£000	£000	£000	%		£000
Business Management	1,888	1,887	-1	-0.1%	-3	-359
Planning Services	2,127	2,184	57	2.6%	54	110
Economic Development Research & Enterprise	812	795	-17	-2.1%	-14	35
Major Development Projects	328	358	30	9.1%	30	82
Corporate Estate	-356	-426	-70	19.7%	-64	-215
Total	4,799	4,798	-1	0.0%	3	-347

The period 6 forecast position indicates that the service will be £1k under spent against budget. This forecast has also managed to contain the pressure of additional £50k for planning income following the delays from Central Government to lay the bill before parliament which would allow local authorities to set their own charge and an additional £50k in respect of the St Georges' Field appeal.

Business Management

1. As at period 6 the forecast is £1k under budget. There are no other major issues to report.

Planning Services

2. In total the forecast outturn position for Planning Services is £57k over spent against budget.

The net overspend is primarily as a result of Governments failure to confirm when new fee charging will be introduced to Planning (enabling the realisation of the additional £50k assumed income in the MTFS) and performance on BC income due to the introduction of new accounting rules for Building Control (related to cost recovery). The re-alignment of budgets within the division to address the pressures on achieving Building control income targets has resulted in the overspend on the building control services being mitigated to £84k overspend (£189k in P3).

Furthermore, there is a reduction in capital recharges (£26k) due to the vacant post of Senior Professional - Heritage Projects, a reduction in other fees (£17k) in Planning Services, and an overspend in controllable costs (£76k) which includes an increased provision for Planning Appeals - Beckett Fold £15k and St Georges' Field £50k. This is offset by a total reduction in salary costs (£63k) and vacancy management, the successful bid and receipt of AAP funding via LDA grant (£39k), S106 monies (£24k) in respect of the Biodiversity officer, an under spend on SSCs (£18k) and recharges (£2k).

Whilst clarification is expected on planning fees this financial year, 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.

It is currently anticipated that PDG funding of £230k will be need to be carried forward into 2012/13. The requirement is being determined and reported in P7.

Economic Development Research & Enterprise

3. The forecast outturn at period 6 is £17k under spent against budget due to under spend on salaries offset by net overspends on controllable costs. The forecast outturn includes £25k for outer London bid costs. At period 6 there are no major issues to report.

Major Development Projects

4. Major Development Projects is forecasting an overspend of £30k due to salary costs (£45k) offset by additional income from capital re-charges (£17k). There is also a small overspend (£2k) on ssc/controllable costs. The forecast outturn is based on capital business cases currently approved, and takes account of budget virements totalling £209k from the corporate centre in respect of de-capitalisation and feasibility studies.

Corporate Estate

5. Corporate Estate's forecast outturn is £70k under spent against budget due in the main to projected savings in security costs, rates and a forecasted increase in rental income. The budget income from capital recharges of £190k is not considered to be achievable in total but it is believed that the deficit in income will be offset by managing costs across the Service.

Capital Monitoring as at Period 6

	Revised Capital Programme - end Q1	Q2 Additions / Reductions	Q2 Virements	Q2 - Technical adjustments	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	Variance Analysis - Underspend due to project cancellation or part delivery	Actuals & Commitments	% Spend of Capital Programme at period 6
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
General Fund												
Chief Executive's Directorate	25,599	0	0	0	25,599	12,492	(13,107)	(12,320)	(669)	(118)	11,191	44
Adults and Housing GF	4,615	0	1,000	(150)	5,465	4,289	(1,177)	(1,010)	(167)	0	1,369	25
Place Shaping	4,545	368	0	0	4,913	4,638	(275)	0	0	(275)	348	7
Children's Services	14,261	0	0	0	14,261	12,156	(2,105)	(2,000)	(85)	(20)	6,217	44
Community and Environment	12,938	94	0	150	13,182	12,579	(604)	0	1	(605)	6,845	52
Amounts to be found for £1m DFG programme increase & round	1		(1,000)		(999)		999		999			
Total GF Programme	61,959	462	0	0	62,421	46,153	(16,268)	(15,330)	79	(1,018)	25,970	42
HRA	11,101	93	0	0	11,194	10,322	(872)	(654)	(210)	(8)	3,276	29
Total Capital Programme	73,060	555	0	0	73,616	56,475	(17,141)	(15,984)	(131)	(1,026)	29,246	

Capital Monitoring as at Period 6

	Revised Capital Programme - end Q1	Q2 - Additions / Reductions	Q2 - Virements	Q2 - Technical adjustments	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	Variance Analysis - Underspend due to project cancellation or part delivery	Actuals & Commitments
Chief Executive's Directorate											
BTP - New Projects - Streets	1,052	0	0		1,052	985	(67)	0	(67)	0	915
BTP - New Projects - Libraries	1,297	0	0		1,297	1,259	(38)	0	(38)	0	1,715
BTP - New Projects - Corporate Services	251	0	0		251	308	57	0	57	0	422
BTP - New Projects - CCAD	2,449	0	0		2,449	1,886	(563)	0	(563)	0	2,062
BTP - New Projects - Business Support											
BTP - New Projects - Mobile & Flex	1,448	0	0		1,448	1,448	0	0	0	0	1,311
BTP - New Projects - HARP 1 Refresh project	3,743	0	0		3,743	0	(3,743)	(3,743)	0	0	0
BTP - New Projects - HARP 1 set up	85	0	0		85	167	82	0	82	0	0
BTP - New Projects - HR L&D	24	0	0		24	20	(4)	0	(4)	0	0
BTP - Outline Business Cases	27	0	0		27	21	(5)	0	(5)	0	21
BTP - New Projects - New business cases	157	0	0		157	155	(1)	0	(1)	0	271
BTP - New Projects - Projects to be defined	5,230	0	0		5,230	0	(5,230)	(5,212)	0	(18)	0
BTP - New Projects	3,000	0	0		3,000	1,657	(1,343)	(1,343)	0	0	0
BTP - New Projects	0	0	0		0	(129)	(129)	0	(129)	0	(184)
LBH Anywhere - ITO Milestone Payments	4,906	0	0		4,906	3,297	(1,609)	(1,609)	0	0	4,435
LBH Anywhere	8	0	0		8	8	(0)	0	(0)	0	(115)
ICT - Milestones	413	0	0		413	0	(413)	(413)	0	0	0
LAA Performance Reward Grant	748	0	0		748	748	0	0	0	0	116
BTP - New Projects - Finance Systems Developments arising	250	0	0		250	250	0	0	0	0	0
SAP Minor Developments	219	0	0		219	219	0	0	0	0	119
Small Projects	291	0	0		291	191	(100)	0	0	(100)	102
Total	25,599	0	0	0	25,599	12,492	(13,107)	(12,320)	(689)	(118)	11,191
Adults											
Bentley Reablement centre	150	0	0		150	0	(150)	(150)	0	0	0
Millmans (Neighbourhood Resource Centre)	350	0	0		350	260	(90)	(87)	(3)	0	0
Residential Provision works	600	0	0		600	447	(153)	0	(153)	0	52
Social Care Sites	150	0	0		150	150	0	0	0	0	0
Supported Housing (HIV)	1,448	0	0		1,448	748	(700)	(700)	0	0	474
Stabilisation and development of Framework-i	56	0	0		56	56	0	0	0	0	60
Housing GF											
Affordable Warmth	150	0	0	(150)	0	0	0	0	0	0	0
Disabled Facilities Grants (owner occupiers)	845	0	1,400		2,245	2,245	0	0	0	0	704
Empty Property Grants	297	0	0		297	264	(33)	(33)	0	0	86
Private Sector Rented Housing (Renovation Grants)	515	0	(400)		115	64	(51)	(40)	(11)	0	19
Better Homes Grants	35	0	0		35	35	0	0	0	0	(26)
Social Reform Grant	20	0	0		20	20	0	0	0	0	0
Total	4,615	0	1,000	(150)	5,465	4,289	(1,177)	(1,010)	(167)	0	1,369
Place Shaping											
Civic Centre site development	500	0	0		500	225	(275)	0	0	(275)	75
Development of a Consolidated, Integrated Civic 1 Building	945	0	0		945	945	0	0	0	0	230
Heritage Projects	500	0	0		500	500	0	0	0	0	0
Town Centre Infrastructure	400	0	0		400	400	0	0	0	0	40
Green Grid	200	0	0		200	200	0	0	0	0	1
City Farm	250	0	0		250	250	0	0	0	0	0
Asset Development	250	0	0		250	250	0	0	0	0	0
Land Acquisition	1,500	0	0		1,500	1,500	0	0	0	0	0
Outer London Fund	0	368	0		368	368	0	0	0	0	2
Total	4,545	368	0	0	4,913	4,638	(275)	0	0	(275)	348

Capital Monitoring as at Period 6

	Revised Capital Programme - end Q1	Q2 - Additions / Reductions	Q2 - Virements	Q2 - Technical adjustments	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	Variance Analysis - Underspend due to project cancellation or part delivery	Actuals & Commitments
Childrens Services											
Catering in schools	1,791	0	0		1,791	1,769	(22)	0	(22)	0	1,345
Catering in schools - Park High	950	0	0		950	950	0	0	0	0	3
School Amalgamation - Grange	750	0	5		755	755	0	0	0	0	682
School Amalgamation - Longfield	750	0	(5)		745	745	0	0	0	0	599
School Amalgamation - Elmgrove	1,500	0	(200)		1,300	1,300	0	0	0	0	8
School Amalgamation support	19	0	0		19	(23)	(42)	0	(42)	0	(42)
Primary Development - Marlborough phase 1	1,900	0	0		1,900	900	(1,000)	(1,000)	0	0	0
Primary Development - Weald	1,500	0	0		1,500	500	(1,000)	(1,000)	0	0	0
High School Development	350	0	0		350	350	0	0	0	0	0
IT	75	0	0		75	75	0	0	0	0	0
Capital Maintenance incl Scheme Developments	344	0	200		544	544	0	0	0	0	0
Short Breaks for Disabled Children	147	0	0		147	147	0	0	0	0	0
Autistic Spectrum Disorder provision in schools	0	0	0		0	(44)	(44)	0	(44)	0	55
Year 7 - Education Modernisation Improvements	65	0	0		65	45	(20)	0	0	(20)	(11)
Primary Capital	253	0	0		253	100	(153)	0	(153)	0	(29)
Devolved Formula Non VA schools	2,939	0	0		2,939	2,939	0	0	0	0	2,816
Whitmore (High School No.1)	537	0	0		537	522	(15)	0	(15)	0	467
Children's Centre	0	0	0		0	176	176	0	0	176	119
Targeted Capital	0	0	0		0	25	25	0	0	25	(73)
Practical Cooking	84	0	0		84	84	0	0	0	0	45
Project fees during defects period	62	0	0		62	62	0	0	0	0	0
Relocation of 80-82 Gayton Road	245	0	0		245	235	(10)	0	(10)	0	232
Total	14,261	0	0	0	14,261	12,156	(2,105)	(2,000)	(85)	(20)	6,217
Community and Environment											
Tree Planting & Parks - etc.	110	0	0		110	110	0	0	0	0	3
Corporate Accommodation	250	0	0		250	250	0	0	0	0	55
Carbon commitment	119	0	0		119	119	(0)	0	(0)	0	19
Affordable Warmth	0	0	0	150	150	150	0	0	0	0	0
High Priority Major Works Corporate Buildings	440	0	0		440	440	0	0	0	0	297
Neighbourhood Investment Scheme	310	0	0		310	310	0	0	0	0	6
Public Realm Infrastructure - Highways Programme	4,340	0	0		4,340	4,340	0	0	0	0	3,642
Public Realm Infrastructure - Drainage Programme	350	0	0		350	350	0	0	0	0	152
Public Realm Infrastructure - Lighting Programme	974	0	0		974	974	0	0	0	0	194
Public Realm Infrastructure - Traffic & Parking	355	0	0		355	355	0	0	0	0	88
Public Realm Infrastructure	78	0	0		78	78	0	0	0	0	71
Recycling Schemes	431	0	0		431	431	(0)	0	(0)	0	331
School Landlord Works	750	0	0		750	145	(605)	0	0	(605)	0
Transport for London Schemes	3,844	94	0		3,938	3,938	0	0	0	0	1,845
Leisure Centre and other sites	167	0	0		167	167	0	0	0	0	(3)
Harrow Arts Centre Refurbishment	25	0	0		25	25	0	0	0	0	0
Headstone Manor Refurbishment	250	0	0		250	250	0	0	0	0	0
Hatch End Pool Modernisation	0	0	0		0	0	0	0	0	0	(4)
Hatch End Site Modernisation	146	0	0		146	148	2	0	2	0	148
Total	12,938	94	0	150	13,182	12,579	(604)	0	1	(605)	6,845
Housing Revenue Account											
Extensions Grant	208	93	0		302	293	(8)	0	(1)	(8)	132
Aids and Adaptations	700	0	400		1,100	800	(300)	(300)	0	0	384
Housing Programme	10,193	0	(400)		9,793	9,229	(564)	(354)	(210)	0	2,760
Total	11,101	93	0	0	11,194	10,322	(872)	(654)	(210)	(8)	3,276

General Fund

Table 1 Additions and reductions

Project/Scheme and details	£000
Place Shaping	
Outer London Fund - Awards from the GLA for Harrow Town Centre and North Harrow	368
Total	368
Community & Environment	
Transport for London Schemes - Adjustment to agree to actual TFL grants awarded	94
Total	94

Table 2 Rephasings (potential)

Project/Scheme and details	£000
Mobile and Flex	-3,743
BTP – New Business Cases & Projects to be defined	-6,555
LBH Anywhere – ITO Milestone Payments	-1,609
ICT – Milestones	-413
Bentley Reablement Centre (grant funded)	-150
Milmans (Neighbourhood Resource Centre) (grant funded)	-87
Supported Housing (HIV) (grant funded)	-700
Empty Property Grants	-33
Private Sector Rented Housing (Renovation grants)	-40
Primary development – Marlborough phase 1 (grant funded)	-1,000
Primary development – Weald (grant funded)	-1,000
Total	-15,330

Virements

Childrens - School Amalgamations	-200
Childrens - Capital Maintenance incl Scheme Developments	200
Housing GF - Disabled Facilities Grants (owner occupiers)	1,400
Housing GF - Private Sector Rented Housing (Renovation grants)	-400
Total	1,000

The last two items reflect the approval from the Q1 Cabinet Report (8 September 2011) para 22.

Table 3 Housing Revenue Account

Additions

	£000
Extensions Grant – Net additions from further contributions from Giffords and utilisation of Affordable Housing resources	93
Total	93

Rephasings

	£000
Aids & Adaptations	-300
Major Voids	-24
Enveloping	-50
Electric night storage	-223
Water tank replacement	-25
Structural / Drainage	-32
Total	-654

Virements

Aids & Adaptations	400
Housing Programme	-400
Total	0

Appendix 3 Housing Revenue Account

	Outturn variation 2010-11	Revised Budget 2011-12 £000	YTD Actuals £000	Forecast Outturn 2010-11 £000	Variation £000	Explanation
Operating expenditure :						
Employee Costs	-134	1,988	884	2,001	12	Recharge from HGF lower than expected due to vacancies
Supplies & Services	35	630	245	648	18	Expected £60k relating to Communications Strategy and Printing of tenant statements expected - no budget provision.
Utility cost (Water, Gas, Electricity)	-320	679	252	533	-146	Savings of £146k from consumption based cost forecasts
Estate & Sheltered Services	250	2,240	892	2,267	27	Includes £75k capacity on Supporting People Grant which is maintained at 2010-11 levels.
Central Recharges	52	3,028	1,290	3,028	0	
Total Operating Expenditure	-117	8,566	3,563	8,477	-89	
Repairs expenditure :	*Kier overhead savings totalling £300k for 2010-11 and 2011-12 have been included in the forecasts. 2010-11 savings have been recognised as a separate income stream within Repairs - other. Those for 2011-12 have been apportioned against repairs costs to help contain additional costs.					
Repairs - Voids	156	619	298	764	145	Original budget assumed unit cost (excl overheads & ignoring capitalisation) £1,282; revised to £1,464 following re-alignment of overheads & profits. First 3 months data indicates unit cost of £2,504 and estimated volume 292 voids indicating an overspend of £292k. Mitigated by overhead savings* and other variation totalling £43k indicating estimated overspend £249k

Repairs - Responsive	149	2,611	815	2,747	136	Original budget assumed unit cost £110, revised to £98.86 per job following re-alignment of overheads and transferring £42k to salaries for recruitment of 2 x Temp Surveyors with aim of reducing overall costs. Latest data indicates unit cost of £115.90 indicating overspend attributable to increased unit costs of £264k. Partially offset by overheads savings* indicating estimated overspend £160k.
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	Outturn Variation 2010-11	Revised Budget 2011-12 £000	YTD Actuals £000	Forecast Outturn 2010-11 £000	Variation £000	Explanation
Repairs - Other	-489	2,496	1,535	2,327	-169	£76k due to Agency/consultants offset by £150k 2010-11 Kier overhead savings* recognised as a separate income item together with 2011-12 Kier overhead savings against Cyclical and Minor Estate Improvements. Ex Decs are assumed to be fully spent and the carry forward of £522k will be actioned in period 04.
Total Repairs expenditure	-184	5,726	2,648	5,838	112	
Other expenditure:						
Contingency - general	140	170	0	200	30	Original budget £200k of which £60k transferred to Asset Management for Procurement. £33k transferred from Leasehold surplus salary budgets. Spend assumes HRA Business planning & strategic review
Charges for Capital	-556	6,943	0	6,481	-462	Consolidated rate of interest 4.59 in line with budget. It is assumed £750k s20 Capital receipts will all be received to support the capital programme of £11.176m which it is assumed will be fully expended in 2011-12.
RCCO	(500)	0	0	0	0	
Bad or Doubtful Debts	-102	200	26	159	-41	Leaseholder Billing completed Aug 2011. Provision based on more accurate ageing of debt.
HRA Subsidy	404	6,988	2,799	7,289	301	Lower interest rate results in higher than expected Subsidy payable.
Total Other expenditure	-614	14,302	2,826	14,129	-173	
Total Expenditure	-915	28,594	9,037	28,444	-150	

	Outturn variation 2010-11	Revised Budget 2011-12 £000	YTD Actuals £000	Forecast Outturn 2010-11 £000	Variation £000	Explanation
Income						
Rent Income – Dwellings	224	24,501	8,014	24,552	50	Reduced voids turnaround period averaging 26 days against budget assumption of 28 days
Rent Income – Non Dwellings	47	754	303	714	-40	
Service Charges – Tenants	(16)	649	213	649	0	
Service Charges - Leaseholders	275	487	464	543	56	Income of £450k was assumed for 2010-11 for closure of accounts (to be billed in August 2011), which included £61k relating to Ground Maintenance. It is assumed this income will not materialise as information from Service Manager - Public Realm (Maintenance) is not expected to be received. In year service charges of £487k are expected to be accrued for as part of 2011-12 closure and billed 2012-13.
Facility Charges (Water & Gas)	9	507	163	486	-22	
Interest	0	6	1	3	-3	
Other Income	-145	183	42	87	-96	
Transfer from General Fund	(1)	163	2	163	0	
Total Income	393	27,251	9,202	27,197	-55	
In Year Deficit / (Surplus)	-522	1,344	-877	1,247	-96	
BALANCE brought forward		-3,779		-3,779		Subject to audit
BALANCE carried forward		-2,435		-2,532		Balances are expected to reduce to £2,532 based on period 6 outturn position.

Appendix 4

Council Tax

Currently, bad debt provisions (BDP) of £3.492m exist [£3.692m- £0.2m; w/off's still to be actioned 01/04/11-30/09/11] for Council Tax against a potential BDP of £2.931m for debts accrued to 31 March 2011.

COUNCIL TAX	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2007-2008	668	547	100	547
2007-2008	610	530	86	455
2008-2009	857	750	73	547
2009-2010	1,292	1,231	54	665
2010-2011	2,365	1,667	43	717
Total	5,792	4,725		2,931

National Non Domestic Rates (NNDR)

Currently, BDP of £3.049m [£3.250m- £0.201m; w/off's still to be actioned 01/04/11 to 30/09/11] exist for business rates (NNDR) against a potential BDP of £2.031m. But as the business rates are a call on the NNDR 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 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2010-2011	1,908	942	100	942
2011-2012	0	1,452	75	1,089
Total	1,908	2,394		2,031

Council Tax and Business Rates Court Cost

Currently, BDP of £0.751m exist for Court Costs against a potential BDP of £0.920m. 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 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2008-2009	229	200	100	200
2008-2009	154	139	86	120
2009-2010	231	199	73	145
2010-2011	462	363	54	196
2011-2012	0	604	43	259
Total	1,076	1,505		920

Housing Benefits

Currently, BDP of £1.924m [£2.031m - £0.107m w/off's still to be actioned 1/4/11 to 30/9/11] exist for Housing Benefit overpayment debt against a potential BDP of £2.274m. The under provision will be funded from improved collection on overpayments.

Housing Benefit	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2009-2010	985	708	100	708
2009-2010	1,006	727	75	545
2010-2011	2,294	1,257	40	503
2011-2012	0	1,728	30	518
Totals	4,285	4,420		2,274

Debt Management as at Period 3

Housing Revenue Account

- This provision represents Service Charge and 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. The HRA forecast outturn assumes a contribution of £160k.

	Outstanding Debt as at 01.04.11	Outstanding Debt as at 30.09.11	Bad Debt requirement	
<u>HOUSING – LEASEHOLDERS</u>				
Less than 30 days	0	0	0%	0
30 to 60 days	0	-2	7.5%	0
60 to 90 days	0	285	15%	43
90 to 180 days	0	4	50%	2
181 to 365 days	0	-54	75%	0
> 365 days	122	13	100%	13
TOTAL	122	246		58
BDP 01.04.11	122			
Less: write offs	-9			
BDP at 30.09.11	113			
<u>HOUSING – CURRENT TENANT ARREARS</u>				
Less than 30 days	161	153	0%	0
30 to 60 days	85	98	7.5%	7
60 to 90 days	101	109	15%	16
90 to 180 days	100	92	50%	46
181 to 365 days	78	51	75%	38
> 365 days	29	33	100%	33
TOTAL	554	536		140
BDP 01.04.11	159			
Less: write offs	0			
BDP at 30.09.11	159			
<u>HOUSING – FORMER TENANT ARREARS</u>				
Less than 30 days	44	59	0%	0
30 to 60 days	54	5	7.5%	0.4
60 to 90 days	105	65	15%	10
90 to 180 days	138	32	50%	16
181 to 365 days	234	57	75%	43
> 365 days	240	584	100%	584+30 = 614
TOTAL	815	801		683
BDP 01.04.11	505			
Less: write offs	-85			
BDP at 30.09.11	420			

Please note a substantial review of the bad debt provision accounting policies is being undertaken by the Financial Accounting Team and the outcome will be reported in quarter 3.