

# REPORT FOR: CABINET

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<b>Date:</b>	9 February 2012
<b>Subject:</b>	Revenue and Capital Monitoring for Quarter 3 as at 31 December 2011
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Julie Alderson, Interim Corporate Director of Resources
<b>Portfolio Holder:</b>	Councillor Bill Stephenson, Leader of the Council and Portfolio Holder for Finance and Business Transformation
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix 1 - Revenue commentary Appendix 2 - Capital Monitoring Appendix 3 - Housing Revenue Account Appendix 4 - Debt Management

## Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital monitoring position as at 31 December 2011:

**Recommendations:**

- (a) Note the revenue and capital forecast outturn position for 2011-12;
- (b) Note the actions being taken to ensure that the forecast Outturn required is achieved ;
- (c) Approve the virement detailed in paragraph 26 and amendments to the Capital Programme as set out in appendix 2 Table 1.
- (d) Approve the rephrasing of the Capital Programme in paragraph 31.

**Reason**

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

## Section 2 – Report

### Introduction

The total projected outturn for the Council at the end of December is £178,055m against a latest budget of £178.245m which represents an under spend of £0.190m, a 0.1% variation to budget. The overall position has significantly improved since quarter 2 by £1.756m.

The table below summarises the position:

### Directorates' Position

Original Budget £000	Directorate	Latest Budget £000	Reported Outturn £000	Variation		2010-11 £000	
				Qtr 3 £000	Qtr 2 £000		
12,275	Assistant Chief Executive	15,327	14,754	-573	-3.74	-166	-1333
3,566	Legal and Governance	3,480	3,427	-53	-1.52	0	8
7,834	Corporate Finance	9,554	9,555	1	0.01	0	-887
	Corporate Items	-694	-798	-104	14.99	0	
<b>23,675</b>	<b>Sub total Corporate</b>	<b>27,667</b>	<b>26,938</b>	<b>-729</b>	<b>-2.63</b>	<b>-166</b>	<b>-2,212</b>
67,508	Adults & Housing	66,084	66,917	833	1.26	1,656	-618
43,986	Community and Environment	46,686	47,395	709	1.52	940	-307
40,852	Children's	42,026	40,670	-1,356	-3.23	-564	-588
4,382	Place Shaping	4,865	4,844	-21	-0.43	-1	-347
<b>180,403</b>	<b>Sub Total Directorate</b>	<b>187,328</b>	<b>186,764</b>	<b>-564</b>	<b>-0.30</b>	<b>1,865</b>	<b>-4,072</b>
1,823	Inflation and Corporate Items	1,775	2,091	316	17.80	142	-1,884
-4,462	Capital Financing	-8,590	- 8,889	-299	3.48	-441	2,601
-2,580	Council Tax Support Grant	-2,580	- 2,580	0	0.00	0	0
0	Earmarked Reserves	-13	- 13	0	0.00	0	0
0	Carry Forwards	0	357	357	0.00	0	2,213
325	Provisions	325	325	0	0.00	0	7
<b>175,509</b>	<b>Total Budget Requirement</b>	<b>178,245</b>	<b>178,055</b>	<b>-190</b>	<b>-0.11</b>	<b>1,566</b>	<b>-1,135</b>

- 1) The outturn position for the Directorates is £186.764m against a latest budget of £187.328m, which represents an under spend of £0.564m, a variance of 0.3% of the net budget. This is offset by an unfavourable variance in non-directorate areas of £0.374m, giving an overall under spend of £0.190m.
- 2) The overall position has significantly improved since quarter 2 by £1.756m overall. The directorate overspend reported at quarter 2 of £1.865m has changed to a forecast under spend of £0.564m, an improvement of £2.429m. The position has partly improved due to virements agreed in quarter 2, of £0.142m to Adults, and £0.300m to Housing as set out at paragraph 7. The remaining £1.987m is due to the improvement in directorate positions since quarter 2, which are explained in the report. However, £0.357m of the under spend will be requested as carry forward at year end, as set out at paragraph 19, and this reduces the overall outturn position.
- 3) The improvements have been achieved through timely and focussed actions taken by the Corporate Strategic Board (CSB), once the pressures emerged, including imposition of the Spending Protocol and management action taken, as set out in the quarter 2 report to Cabinet. The Spending Protocol remains in place due to risks to some areas of the budget, which are explained in the report, and in order to deliver a £1.4m under spend to meet the in year and future redundancy costs, which are in

addition to the redundancy reserve which is part of the Transformation and Priority Initiatives Fund (TPIF). The position on the TPIF is set out at paragraph 22.

- 4) The Directorates continue to work closely with finance particularly in those areas where there are pressures and to ensure appropriate management action is taken to contain and reduce over spends. It is not considered that this will be detrimental to vulnerable service users.
- 5) The intention that specific actions be taken to eliminate the previously forecast over spend has largely been realised. However, there remain some risks to the position, and Adults and Housing and Community and Environment, as well as some corporate projects, whilst reporting a significant improvement still have pressures. It is also necessary to realise an under spend as explained at paragraph 2, which is required to bolster the funds required to meet in year and future potential redundancy costs (circa £1.4m), resulting from restructures and Transformation projects. Therefore, the Spending Protocol and actions to contain and reduce the over spends remain in place.

### **Corporate Directorates**

- 6) The Corporate Directorates are forecasting an under spend of £0.729m as detailed below:-
  - a. Corporate Finance continue to report a balanced position, although there are a number of offsetting pressures and under spends, which are being closely monitored. Action has been taken to reduce the number of interim procurement directorate leads in order to manage these costs within budget;
  - b. Corporate items are reporting an under spend of £0.104m, which is an improvement of £0.104m from Q2, resulting mainly from;
    - accounts payable suspense clearance (-£0.163m)
  - c. Legal and Governance are reporting an under spend of £0.053m, which is an improvement of £0.053m from Q2, resulting mainly from;
    - Increased income from land charges and registrars (-£0.103m)
  - d. Assistant Chief Executive is reporting an under spend of £0.573m, which is an improvement of £0.407m from Q2, resulting mainly from;
    - Increased savings due to the implementation of the Spending Protocol (-£0.300m)
    - Formal request for carry forward of Local Area Agreement, (LAA) grant (£0.317m) and on Terms and Conditions, towards cost of implementation (£0.040m) as set out in paragraph 19
    - Shortfall in the Resourcing Contract saving due to reduced use of temporary staff (+£0.160m)

### **Adults and Housing**

- 7) Adults and Housing are forecasting an adverse variance of £0.833m which is an improvement of £0.823m since quarter 2. Of this, Adult Services is forecasting an over spend of £0.750m which is an improvement of £0.488m; and Housing is forecasting an over spend of £0.083m which is an improvement of £0.335m. The reduction partly results from a virement of £0.142m for Adults, and the drawdown of an earmarked reserve of £0.300m for homelessness in Housing, both of which were approved as part of the quarter 2 report.
- 8) The other main changes from quarter 2 are detailed below;

- a. Commissioning & partnerships- £0.806m under spend from £0.581m under spend Q2, an improvement of £0.225m
  - b. Long Term Care & Safeguarding- £0.917m over spend from £0.825m over spend Q2, a decline of £0.092m
  - c. Strategic Management- £0.115m under spend from £0.088m over spend Q2, an improvement of £0.203m.
- 9) The Housing General Fund is forecasting a reduced over spend of £0.083m compared to £0.418m reported in quarter 2, this is a movement of £0.335m. This results predominantly from a budget virement of £0.300m drawn down from an earmarked reserve and outturn that assumes full utilisation. The remaining £0.083m pressure reflects the Directorate's budget pressures in Housing Needs due to an increase in the number of households in Bed & Breakfast accommodation (B&B), an average 53 families were in B&B accommodation at the end of December, and this is estimated to rise to 75 at financial year end. The pressures have outstripped the reserve put aside for this purpose.
- 10) The forecast assumes that all MTFs efficiencies and other savings identified in the budget management process in recent months are fully achieved, with the exception of day care where the efficiency saving included in the budget of £0.300m will not be achieved by £0.256m. The scale of efficiency savings to be made 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 pressure for 2012-13 and onwards.

### **Community and Environment Services**

- 11) Community and Environment are forecasting an adverse variance of £0.709m from £0.940m quarter 2, which is an improvement of £0.231m. The main reason for the overspend is due to capitalisation issues ( the introduction of International Financial Reporting Standards, IFRS, has led to a tightening of the definition of what can be legitimately charged to capital) , and the decrease in the capital programme, which means there are less capital projects for staff to work on, resulting in pressures of £1.092m. There are further pressures as follows: £0.114m in public realm on income; additional costs on the Leisure Centre (£0.098m); and reduced income (£0.106m) due to the late implementation of the new London Permit Scheme. The directorate has been taking firm and robust steps to tackle historic issues, which the downturn in the capital programme has made far more pressing. The directorate has been able to mitigate some of this pressure by both exercising expenditure controls (£0.300m) and benefiting from additional income (£0.200m), from profit sharing on Trading Standards with Brent and from HMO and licensing enforcement.
- 12) The forecast outturn on Community and Environment of £0.709m over spend is detailed below;
- a. Community and Culture- £0.102m over spend from a £0.042m over spend in Q2, a decline of £0.060m. This is largely due to over spends at the Leisure Centre (£0.120m over spend), £0.098m of this relates to utilities pressures at the Leisure Centre. Greenwich Leisure Limited (GLL) are currently looking at the possibility of increasing their income to mitigate against this overspend.
  - b. Environment- £0.768m over spend from a £1.008m over spend in Q2, an improvement of £0.240m, mainly due to;
    - £0.230m reduced over spend in Public Realm Services

- c. Directorate Support & Performance- £0.161m under spend from a £0.110m under spend in Q2, an improvement of £0.051m. This is due to managing expenditure to mitigate overall over spend in the directorate.

13) The Revenue Budget 2012-13 to 2014-15, elsewhere on the agenda, contains proposals to accelerate the strategy to reduce reliance on the capital programme. 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 has been 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.

### **Children's Services**

14) Children's Services are projecting an increase in their under spend since quarter 2. The position forecast has moved from a £0.564m under spend to a £1.356m under spend, an improvement of £0.792m from Q2. The main reasons for the improvements are as follows:

- a. Increased savings from the new operating model for the nursery at Gange Children's Centre (£0.148m) and the review of Children's Centres on the Early Years Service (£0.400m)
- b. Targeted Services – an under spend of £0.678m on placements resulting from reduction in Asylum Client Costs (£0.201m); Children Looked After placement budget has been combined with Leaving Care placements budget under the new operating model, costs have reduced based on current cohort of children giving saving of £0.505m.
- c. Special Needs Service is forecasting an under spend of £0.125m on the reconfigured Special Needs Transport routes.

15) There has been considerable re-organisation of the departments making up the Children's directorate, this is reflected in a number of new services logged in Appendix 1 of this report.

### **Place Shaping**

16) Place Shaping are projecting a small under spend of £0.021m, which is an increase of £0.020m since quarter 2. The main reasons for the improvements are as follows:

- a. Reduced project and IT expenditure on Business Management (-£0.030m)
- b. Reduced project expenditure on Economic Development Research & Enterprise (-£0.024m)
- c. Reduced income on Major Development Projects (+£0.050m)
- d. Reduced legal fee expenditure on Corporate Estates (-£0.018m)

### **Inflation and Corporate Items**

17) The forecast outturn has worsened since quarter 2 and is projecting an over spend of £0.316m compared to an over spend of £0.142m at quarter 2, a decline of £0.174m. The main change relates to;

- a. Pressures on Transformational (Business Support and Customer Contact Assess and Decide) funding, of £0.502m (a worsening of £0.135m since quarter

2) resulting from delays in implementation and lower than anticipated savings this year, which are anticipated to be delivered in 2012-13.

### **Capital Financing**

18) The forecast outturn variance has declined but remains a favourable variance of £0.299m from £0.441m which is a movement of £0.142m. The change is as a result of a £0.142m budget virement to Adults & Housing for long term care and safeguarding approved in the quarter 2 report.

### **Carry Forwards**

19) The £0.357m represents requests for carry forwards as set out in paragraph 6 (d) above, and are detailed as:

- a. £0.317m Local Area Agreement
- b. £0.040m Terms and Conditions;

although no carry forwards are formally agreed until the end of year report is submitted to the Cabinet.

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

20) The forecast outturn is £1.357m resulting in a forecast over spend of £0.013m. This is a worsening of the position on the HRA by £0.110m since quarter 2. The principal reasons for the increased forecast relate to salaries and capital financing recharges.

### **Procurement Savings**

21) Against the corporate target of £2m, the cashable savings achieved to date are £1.669m. Of this £0.300m is the Commissioning saving achieved in the Children's Directorate which has been secured through the Procurement Business Partner. Whilst this £0.300m is part of the corporate procurement target in 2012-13, subsequent Commissioning savings will accrue to Children's in the 2012-13 and future budget. There is a risk around assumed income on the Dry Recyclables contact, where prices have dropped and therefore assumed income may not materialise for the remainder of the year (£0.160m). Work continues to identify further procurement savings to close the £0.331m gap, including on-going discussions with directorates that will result in further savings against the target.

22) The procurement team are working 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 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)**

23) The remaining balance on the TPIF was reported at quarter 2 as £1.515m, of which, £1.037m is specifically required for potential invest to save projects and severance related costs, leaving a balance of £0.478m available for transformation and priority initiatives bids. There have been 3 additional bids approved by the Leader in

consultation with the Chief Executive and the Interim Director of Corporate Finance in quarter 3, totalling £0.110m since quarter 2, reducing the balance to £0.368m, as set out in the table below ( no's 9-11). It is anticipated that the £1.037m will be required for severance costs in year. The overall remaining balance on the Fund at quarter 3 is £1.405m.

<b>No.</b>	<b>Directorate</b>	<b>Description</b>	<b>£'000</b>	<b>Status</b>
1	Adults	Cost of West London joint procurement unit in relation to purchase of care & contract monitoring	16.0	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	88.0	Repayable
<b>Subtotal</b>			<b>151.4</b>	Repayable
4	Adults	Additional capacity for annual and financial reviews	200.0	
5.	CEX	Let's talk 111	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	25.0	
9.	C&E Public Realm	Pride in Harrow – Caring for the Borough, Behaviour Change	40.0	
10	C &E Community & Culture	Community Sports and Physical Activity Network funding	30.0	
11	Adults	Mental Health Personalisation – secondment from voluntary sector	40.0	
<b>Sub -total</b>			<b>447.0</b>	Not Repayable
<b>Overall total bids Transformation</b>			<b>598.4</b>	
			Fund Available	966.0
			Remaining	367.6
9	CEX	CCAD Severance	126.0	
10	CS	A&I Severance	400.0	
<b>Subtotal Invest to Save/severance</b>			<b>526.0</b>	
			Fund Available	1,563.0
			Remaining	1,037.0
<b>Total overall T&amp;PIF Remaining</b>			<b>1,404.6</b>	

## Contingency

24) The Contingency set up as part of the 2011/12 budget stands at £1m. The following bids totalling £0.565m have been made against the contingency. These are all approved by the Leader leaving £0.435m available to allocate. The Contingency Policy recommends that any balance remaining at year end be taken to the general reserves, which currently stand at £7m. This would increase the under spend at year end.

25) 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	117
Children's	Academies Transition	48
<b>Total Bids Approved</b>		<b>565</b>
Total Contingency Fund		1,000
<b>Remaining after approved bids</b>		<b>435</b>

### Other Virements

26) Other virements (over £0.100m only) being requested at quarter 3, are detailed below.

Description (from)	Description (to)	£000
Stronger Safer Community Fund unallocated external grant	Children's to fund shortfall on Youth Offending Team	156

This budget is not ring fenced and is not allocated in the current year budget; therefore it is available to allocate to fund the shortfall arising from grant reduction on the Youth Offending Team.

### Debt Management

27) There are no debt write offs requiring Cabinet approval (over £0.025m) to report in quarter 3. A full update will be provided in quarter 4.

### Capital Programme

28) The total budgeted Capital Programme at the end of quarter 3 stands at £73.859m (£62.665m GF and £11.194m HRA), this is an increase of £0.244m from the quarter 2 position reported to September Cabinet. This movement is from:

- a. £0.121m increase in budget on Capital Maintenance scheme including scheme development in Children's Services
- b. £0.124m increase in budget which is £0.073m Transport for London Schemes and £0.050m S106 monies.

29) The outturn forecast is £47.452m (£39.327m GF and £8.125m HRA), resulting in variances of £23.338m on GF projects and £3.069m on HRA projects. However, within the above variances £7.413m relates to net 'rephasings' and therefore the under spend after rephasings is £16.006m on the GF and £2.988m on the HRA.

30) The £16.006mm under spend results from major under spends of:

- a. £3.743m on BTP Mobile and Flex;
- b. £5.230m on BTP New business cases;
- c. £1.945m on BTP Projects to be defined
- d. £1.362m on ITO Milestone Payments;
- e. £1.500m Land acquisition;
- f. £2.593m Housing Revenue Account



Some of these projects will be carried out in 2012 -13 and are included in the proposals for the Capital Programme, elsewhere on the Agenda.

31) The project "Development of a Consolidated, Integrated Civic One Building" is expected to span three years and is integral to the achievement of a number of revenue savings within the MTFs. The total project cost of £2.5M was included within the Capital Programme 2011-12 to 2015-16 Report approved by Cabinet on 10 February 2011, with the expected expenditure being £1m in 2011/12, £750k in 2012/13 and £750k in 2013/14. In order to meet deadlines and latest requirements, the approved programme requirements are estimated as £1.45m in 2011/12, £750k in 2012/13 and £300k in 2013/14. Hence, it is intended that Cabinet be requested to approve the roll forward of £450k budget from 2013/14 to 2011/12.

32) Information by directorate and by project is detailed in Appendix 2. The Cabinet are asked to approve the additions to the Programme of £0.244m (GF £0.244m and HRA £0m) and to note the potential re-phrasings of £7.332m on the GF and £0.081m on the HRA as detailed in Appendix 2.

### **Financial Implications**

33) Financial matters are integral to the report.

### **Environmental Impact**

34) There are none directly related to this report.

### **Performance Issues**

35) 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 Sub- Committee.

### **Risk Management Implications**

36) 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**

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

### **Corporate Priorities**

38) 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: 30 January 2012		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 30 January 2012		

### Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership, Development and Performance
Date: 30 January 2012		

### Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director Environmental Services
Date: 30 January 2012		

### Section 6 - Contact Details and Background Papers

**Contact:** Julie Alderson Email: [julie.alderson@harrow.gov.uk](mailto: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.

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>NOT APPLICABLE</b>
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## Revenue Commentary as at Period 9

## Corporate

Service	Revised Budget	Forecast Outturn	Variance		
			Period 9		2010/11
			£000	%	£000
Corporate Finance - main	9,554	9,555	1	0	-566
Corporate Items - CF	-694	-798	-104	-15.0	-321
<b>Corporate Finance Total</b>	<b>8,860</b>	<b>8,757</b>	<b>-103</b>	<b>-1.2</b>	<b>-887</b>
<b>Legal &amp; Governance</b>	<b>3,480</b>	<b>3,427</b>	<b>-53</b>	<b>1.5</b>	<b>8</b>
Asst Chief Exec Dept	14,759	14,309	-450	3.0	-1,337
Corporate Items - ACE	568	445	-123	21.7	4
<b>Chief Executive Total</b>	<b>15,328</b>	<b>14,755</b>	<b>-573</b>	<b>3.7</b>	<b>-1,333</b>
<b>Total</b>	<b>27,667</b>	<b>26,938</b>	<b>-729</b>	<b>-2.6</b>	<b>-2,212</b>

## 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. There is a shortfall on the Collections service of £183k. This is a combination of additional costs arising from the closure of Harrow Magistrates Court and the transfer of arrears case to Brent and less summons income because more taxpayers are paying on time.
3. There is a projected saving on Housing Benefits overpayments of £180k resulting from the recovery of overpayments plus subsidy exceeding the amount over paid.
4. There is a pressure on the costs of the procurement team arising from the use of interims. This is being contained by staffing savings across the directorate and the application of the spending protocol.

## Chief Executive

5. Overall the directorate is projecting a net saving of £450k. £350k arises from savings across the directorate by applying the spending protocol. In addition there is an underspend against the ITO of £100k for expenditure that will not now be required until next year.

## Legal &amp; Governance

6. The directorate is now projected to be underspent by £53k. A pressure of £60k in relation to 2 bye elections has been contained by additional income from land charges, Registrars and Legal Services.

## Corporate Departments Corporate Budgets

## Finance

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. The council, as part of West London Alliance have committed to a collaborative procurement hub which will cost £21k and is therefore a budget pressure within the year.
10. Costs of £16k have been incurred in respect of the management investigation.
11. There is a saving to date of £184k in relation to the goods received / invoice received account.
12. There is a corporate procurement savings target of £2m within the budget. To date cashable savings totalling £1.669m have been identified towards this target and work is progressing to identify the balance of the target.

#### **Assistant Chief Executive**

13. Terms and Conditions. £88k has been allocated from the Transformation Fund for this project. It is anticipated that £21k of this will be unspent at the year end and a carry forward requested. This balance will be reflected within the carry forwards position.
14. Local Area Agreement. It is anticipated that £319k will not be spent during the course of this year and a carry forward requested. This balance will be reflected within the carry forwards position.
15. Resourcing Contract. Based on the first two months of MI on the new contract, it is anticipated there will be a shortfall against the £290k budgeted saving of £217k. It is apparent that the use of agency staff has been on a downward trend during the year, to contain spend within budgets, avoid agency worker directive costs and because of the spending protocol.

#### **Other Corporate Items**

16. There are adverse variances on the Business Support business case totalling £444k 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 2011
  - . In practice these savings are being retained by service directorates until implementation.
  - £186k as a result of delays in implementation and hence later realisation of savings.

## Adults and Housing Services - Period 09 // 2011/12

### Adult Services

At period 9 the Adults Service Directorate is forecasting an over-spend in 2011/12 of £0.750m, compared with £0.830m reported for period 8. The over-spend reflects continuing budget pressures in relation to the purchasing budgets for Adult Social Care. Further details are set out in Appendix A.

### Housing General Fund

At period 9 the Housing General Fund is forecasting an over-spend in 2011/12 of £0.083m, compared with £0.063m at period 8. The over-spend reflects the Directorate's budget pressures in Housing Needs due to an increase in the number of households in Bed & Breakfast accommodation (B&B), and in Resident Services due to the appointment of Creative Support Agency to comply with CQC regulations. Further details are set out in Appendix B.

### Housing Revenue Account (HRA)

The revised budget of £1.344m includes a carry forward from the prior year of 0.522m. The forecast outturn is £1.357m resulting in a small forecast over spend of £0.013m, compared with a forecast under spend of £0.246m for period 8. The principal reasons for the increased forecast relate to salaries recharges (£0.153m) and capital financing changes (£0.072m).

Budget holder compliance was Adult Services 84% (Pd 08 100%), Housing GF 87% (Pd 08 87%), and HRA 53% (Pd 08 67%). These reduced rates were as a result of annual leave arrangements over Christmas and New Year.

	Revised budget £'000	Forecast £'000	Period 9		Previous Period 8		Prev. Year outturn
			Var. £'000	% (1dp)	Forecast £'000	Var. £'000	£'000
Calculations:	A	B	C=B-A	D=C/A	E	F	G
<b>Adult Services</b>	<b>61,595</b>	<b>62,345</b>	<b>750</b>	<b>1.2</b>	<b>63,442</b>	<b>830</b>	<b>64,531</b>
<b>Housing GF</b>	<b>4,489</b>	<b>4,572</b>	<b>83</b>	<b>1.8</b>	<b>4,252</b>	<b>63</b>	<b>5,995</b>
<b>Adults and Housing Services</b>	<b>66,084</b>	<b>66,917</b>	<b>833</b>	<b>1.3</b>	<b>67,694</b>	<b>893</b>	<b>70,526</b>
<b>Housing Revenue Account (HRA)</b>	<b>1,344</b>	<b>1,357</b>	<b>13</b>	<b>1.0</b>	<b>1,098</b>	<b>(246)</b>	<b>1,004</b>

### Adult Services

For Period 9, the Adults Purchasing Budgets forecast has been based on the information available at Period 8. Reports are being re-run in mid January in tandem with a trial year-end closure to provide additional reassurance that forecasts in recent months have been robust.

The forecast case assumes that all MTFS efficiencies and other savings identified in the budget management process in recent months are fully achieved (with the exception of day care). The latest forecast indicates a potential adverse variance of £0.750m.

The Directorate remains confident that the position will improve over coming months as the measures introduced in recent months take full effect. In particular, the new arrangements for agreeing new and revised packages of care should continue to reduce the pressure on purchasing budgets. In addition, specific project teams are working to ensure client income is maximised both for clients living in the community and those living in residential or nursing home care. However, the scale of efficiency savings to be found this year makes it very likely that there will be a year end overspend, and the Directorate is working hard to minimise this and reduce the ongoing impact into 2012/13 where possible.

With regard to Day Care the MTFs efficiencies included savings of £300k, but clear plans have only been provided for £44k of savings as a result of moving clients between centres; the Directorate is exploring other options to achieve the £300k saving in 2012/13.

### **Emerging Issues**

1. On 3 January 2012, the Department of Health announced that it is allocating a one-off additional £150m in 2011/12 to PCTs for transfer to local authorities for investment in social care services which also benefit the health system; Harrow PCT's allocation is £0.600m. Discussions will take place with the PCT on the use of this money, and the Department of Health is expecting to see reductions in any delays in transfers from both acute and non-acute care.
2. The PCT is required to make £50m efficiencies over 2 years, a small proportion of which have been identified. The efficiency plan is being developed and it is becoming evident that real pressures on Adults Social Care are likely as a result. Officers are meeting with the PCT and will report back on pressures as these are quantified. 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. Invoices relating to ICES for 11/12 have yet to be fully paid; a revised invoice has been raised for the 1<sup>st</sup> half based on actual usage by the PCT totalling £353k, but only £248k has been paid, a potential shortfall of £105k.
3. Litigation provisions — a provision of £450k made corporately to meet potential costs. It is requested that the provision is maintained to manage current level of risks. However, it should be noted that worst case scenario is £0.750k.
4. 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, but the current forecast assumes these costs can be contained within existing budgets.
5. Framework1 – Further cleansing work has been undertaken together with migration of data to reflect the new structure. However, work to maintain the accuracy and timeliness of information held on Framework1 is on-going, and further work is needed to improve the completeness of information held on Framework1, particularly in relation to client income. Improvements to the availability of management information from Framework1 on activity data and unit costs are also planned (see appendix A).

## Housing Services - Period 09 // 2011/12

### Housing General Fund

As at period 9 the Housing General Fund is forecasting an over-spend in 2011/12 of £0.083m (period 08 £0.063m) assuming the earmarked Housing Benefits (HB) provision of £0.300m is fully utilised. The over-spend reflects the Directorate's budget pressures in Housing Needs due to increase in the number of households in Bed & Breakfast (B&B), and in Resident Services due to appointment of Creative Support Agency to comply with CQC regulations.

### Housing Revenue Account (HRA)

The revised budget of £1.344m includes a carry forward from the prior year of 0.522m. The forecast outturn is £1.357m resulting in a forecast over spend of £0.013m. The outturn assumes external decorations of £0.850m are split revenue £0.550m, capital £0.300m.

	Revised budget £'000	Forecast £'000	Variance				
			Period 9		Previous Period 8		Prev. Year
			Var. £'000	% (1dp)	Forecast £'000	Var. £'000	£'000
Calculations:	A	B	C=B-A	D=C/A	E	F=B-E	G
Housing Needs	2,814	2,878	64	2.3	2,558	320	2,464
Housing Partnerships	583	572	(11)	(1.9)	572	-	795
Travellers Site	26	22	(4)	(15.3)	22	-	6
Other GF Services	595	577	(18)	3.0	577	-	2,237
Resident Services	471	523	52	11.0	523	-	493
<b>Total – Housing GF</b>	<b>4,489</b>	<b>4,572</b>	<b>83</b>	<b>1.8</b>	<b>4,252</b>	<b>320</b>	<b>5,995</b>
<b>Housing Revenue Account (HRA)</b>	<b>1,344</b>	<b>1,357</b>	<b>13</b>	<b>0.97</b>	<b>1,098</b>	<b>259</b>	<b>1,004</b>

Budget holder compliance was Housing GF 87% (Pd 08 87%), HRA 53% (Pd 08 67%)

The table below shows the position on HRA Balances :

<b>HRA balances position</b>	<b>£'000</b>
<b>Balances brought forward</b>	<b>3,779</b>
Forecast expenditure	1,357
Budget £1,344k incl Ex Decs c/fwd therefore overspend £13k	
<b>Forecast balances at 31 March 2012</b>	<b>2,422</b>

## Supporting information – Housing General Fund

### Housing Needs

- Estimated overspend £64k shown below:

Description	Estimated variation +ve = adverse, -ve = fav £'000s
Bed & Breakfast (detailed information below)	+373
Expected legal challenges – out of London moves, medical assessments, consultant fees for allocations policy	+21
Sanctuary scheme security work	-25
Income from Help 2 Let tenant finding fees	+6
Savings from vacant posts covered by Agency staff	-11
Salary recharge from HRA (Information Management Team)	-9 *
Vernon Lodge repairs – revenue	+8
Miscellaneous	+1
Less : release of HB earmarked provision	-300
<b>Estimated variation – Needs</b>	<b>+64</b>

- Bed & Breakfast – budget assumed average 4 families at any one time
- At close December – average 53 (November 47) families
- Estimated variation £373k (pd 08 £353k) assuming additional 4 families/month resulting in ~75 families at year end

Detailed B&B statistics below :

Number of families	Start of month	New bookings	Leavers	End of month	Change from previous month
December 2010	10	8	(16)	2	(8)
January 2011	2	9	(4)	7	5
Feb 2011	7	13	(10)	10	3
March 2011	10	26	(11)	25	15
April 2011	25	25	(16)	34	9
May 2011	34	32	(21)	45	11
June 2011	45	28	(34)	39	(6)
July 2011	39	40	(27)	52	13
August 2011	52	26	(33)	45	(7)
September 2011	45	39	(27)	57	12
October 2011	57	28	(32)	53	(4)
November 2011	53	43	(38)	58	5
December 2011	58	33	(28)	63	5
<b>Ave increase /(decrease) per month</b>					<b>4</b>

#### Projection of number at end of:

January '12 = 63 + 4 = 67  
 February '12 = 67 + 4 = 71  
 March '12 = 71 + 4 = 75



## COMMUNITY AND ENVIRONMENT SERVICES - Period 09 - 2011/12

At period 9, Community and Environment services are forecasting an over spend in 2011/12 of £709k. The main reason for the overspend is due to capitalisation issues and the availability of projects for staff time to be recharged to capital (£1,092k), pressure within public realm (£114k), overspends at the Leisure Centre (£98k) due to additional costs resulting from plant failures at the Leisure centre swimming pool and reduced LOPs income following six month delay from Central Government (£106k). The directorate has been taking firm and robust steps to tackle historic issues going back a number of years which the downturn in capital programme has made far more pressing. The directorate has been able to mitigate some of this pressure by exercising expenditure controls and benefiting from additional income (£701k). Please see below for further details.

For the longer term a restructure for Property Services has been announced and will minimise the risk in future years.

### Summary

	Revised Budget	Forecast Outturn	Variance				
			Period 9		Previous Period 8		Prev. Year
			Var. £'000	% (1dp)	Forecast £'000	Var. £'000	Actual £'000
<i>Calculations:</i>	A	B	C=B-A	D=C/A	E	F=B-E	G
Community & Culture	8,533	8,635	102	1.2%	8,659	-24	10,431
Environment	37,265	38,033	768	2.1%	37,900	133	38,960
Directorate Support & Performance	888	727	-161	-18.1%	727	0	564
<b>Total</b>	<b>46,686</b>	<b>47,395</b>	<b>709</b>	<b>1.5%</b>	<b>47,286</b>	<b>109</b>	<b>49,955</b>

### 1. Significant changes in outturn current period compared to previous

#### a) Community and Culture

The forecast overspend has decreased by £24k from £126k in period 8 to £102k overspend reported in the current period. This relates to forecast increase in service charge income for the Wealdstone Community Centre.

#### b) Environment

The forecast overspend has increased by £133k (from £635k in period 8 to £768k in period 9).

- Community Safety Services – forecast is unchanged at £133k underspend.
- Property and Infrastructure – overspend position has increased by £123k (from £664k overspend in period 8 to £787k overspend in period 9). This is mostly attributable to a further reduction of capital income (£133k) for Major Works and Schools Delegated Maintenance due to a lack of capital projects; and a reduction in fee income (£52k) for Adaptations due to a drop in referral

rates from occupational therapy. To mitigate this, agency staff costs have been reduced (£35k) and additional staff costs are to be charged to capital projects for Minor Works (£27k).

- Public Realm Services – over spend position has increased by £11k (from £103k over spend in period 8 to £114k overspend in period 9) as a result of increased salary forecasts.

c) Directorate Support and Performance

Directorate support and performance – under spend of £161k has remained the same as period 8.

## 2. **Significant outturn variances in current period**

a) Community and Culture

Community and Culture is forecasting a £102k overspend. The forecast is largely due overspends at the Leisure Centre (£120k overspend), £98k of this relates to utilities pressures at the Leisure Centre. Greenwich Leisure Limited (GLL) are currently looking at the possibility of increasing their income to mitigate against this overspend

b) Environment

Environment is forecasting a £768k overspend. Variances are broken down as follows;

i) *Community Safety Services* is forecasting a £133k under spend.

**Parking Revenue Account** is currently forecasting £400k lower income than budgeted. 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 motorists are penalized they are more careful the next time, therefore fewer PCNs are being issued. Harrow is not exempt from this declining London wide trend.
- **Environmental Health** is forecast to be £30k overspent. The overspend is primarily due to Animal Services (£79k), offset by holding of vacancies in Commercial Services (£50k). Current forecasts suggest that the pest control service will be unable to generate sufficient income to cover the total cost of the statutory service. However, the forecast overspend has been reduced from the beginning of the year through rationalising staffing costs and attempts to optimise pest control income.
- **Car parks** is £21k overspent. The overall overspend reflects a worsening position relating to generation of car park income, however, the adverse forecast has improved significantly in recent months. The overspend follows annual trends in decreasing car park income.

- **Anti Social Behaviour** is forecast to be £126k under spent, largely due to a saving on a renegotiated contract with the Met Police on Town Centre policing (£75k) and releasing of planned grant spend (£20k).
- **Licencing and Enforcement** is forecast to be £154k under spent due to priority in the service to recover additional licencing income streams (£100k) and managing vacancies within the service (£50k).  
Community Safety is currently managing vacancies of £204k across the service and is to receive a profit share from Brent of £100k relating to Trading Standards

ii) *Property & Infrastructure* is forecasting a £787k overspend

The forecast outturn for Property & Infrastructure is £787k overspent against budget which is mainly due to lack of capital recharges (£1092k) as a result of de-capitalisation and uncertainty over the level of service required from the Major Works team analysed as follows:

- Major Works (£380k);
- Asset Management (£127k);
- Schools Delegated Building Maintenance (£308k);
- Minor Works (£143k);
- Climate Change (£42k);
- Head of Property Services (£49k); and
- Facilities (£43k).

In addition, there is a forecast under recovery in income due to the late implementation of the new London Permit Scheme (£106k); and the Directorate's contribution of costs for the re-tender of planned and reactive maintenance services (£87k). Housing's contribution towards this re-tender is £168k.

In order to minimise risk and reduce the overspend, Management are containing costs across the service (£498k) including reviewing staffing levels within Property Services and deferring works to the next financial year.

iii) *Public Realm Service* is reporting a £114k overspend.

- Income recovery in Public Realm remains the main challenge this year. The main elements are;
- Trade Waste - £588k variance primarily due to ongoing economic down turn. Trade Refuse income is showing, for the third year running, a decline in income, from an adverse variance in 2009 of £208k it has declined to a projected adverse variance of £588k 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 - £99k 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.

- (iv) *Directorate support and performance* is forecasting a £161k under spend . This is due to managing expenditure to mitigate overall overspend in the directorate

## Children's Services

At period 9 Children's Services is forecasting an underspend of £1.356m. This is an increase of £0.194m compared to the underspend of £1.162m reported at period 8. The underspend reflects the Directorate's continued commitment to deliver savings from their transformational projects as soon as possible. In addition the review of all commissioned services currently being undertaken has generated some one off savings which are contributing to the in year underspend.

Following the restructure Children's Services is now reporting under the new operating model. The new budgets still need refinement as there remain staff to be assimilated into the new structure. During this transitional period finance and service managers are working closely to mitigate any risk and to ensure the budgets are realigned as soon as possible.

Service	Revised Budget	Forecast Outturn	Variance		
			Period 9		2010/11
	£000	£000	£000	%	£000
Children's Services Management	859	859	0	0	(890)
Quality Assurance, Commissioning and Schools	5,379	5,167	88	(3.9)	(140)
Early Intervention Service	3,331	2,783	(548)	(16.5)	(675)
Targeted Services	17,036	16,205	(831)	(4.9)	900
Special Needs Service	9,062	8,997	(65)	(0.7)	169
Schools	6,359	6,359	0	0	48
<b>Total</b>	<b>42,026</b>	<b>40,370</b>	<b>(1,356)</b>	<b>(3.9)</b>	<b>(588)</b>

### 1) Significant Changes in current period compared to previous:

The main movement is an improved position on Leaving Care placements (£0.208m).

### 2) Significant outturn variances in current period:

#### Quality Assurance, Commissioning and Schools:

There is an overspend in the Capital Team relating to staffing costs following the capital investigation. A proportion of the current Capital Programme Team Manager's full year salary cannot be charged to capital currently estimated at £0.088m.

#### Early Intervention Service:

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 £0.148m in 2011/12.

A review of Children's Centres, including a full consultation, is currently underway. The review is anticipated to deliver savings, some of which will be partly realised in 2011/12. Consequently there is an additional under spend of £0.4m anticipated in 2011/12.

### **Targeted Services:**

An under spend of £0.097m relates to the favourable settlement of historic unpaid agency invoices. In addition to this there are additional under spends totalling £0.056m as all non-critical expenditure has been stopped, particularly in the Pinner Road and Silverdale sites in preparation for vacation.

An under spend of £0.678m is anticipated in Placements resulting mainly from:-

- Asylum Client Costs – A full review of the Asylum Client costs has revealed a forecast under spend of £0.201m. £0.031m of this results from the final 2010/11 grant settlement being more favourable than previously assumed. An additional under spend of £0.17m has resulted from a number of leaving care clients leaving the service.
- CLA Placement Costs – As part of the Children's Services new operating model the CLA and Leaving Care placements have been brought together. Based on the current cohort of children and young people at period 9 there is a forecast under spend of £505k. This relates to leaving care placements as the team continue to implement the lean review and transfer older care leavers to independent leaving where appropriate. The reduction in placement costs has relied upon an adequate supply of suitable accommodation for those leaving care. Over the next two years there is a bulge in the number of young people leaving care and if suitable housing can not be identified these young people will remain longer in higher cost placements and there is a real risk the budget pressure will return.

The number of CLA as at 31 December 2011 is 151, which is an increase on 148 at quarter 2. If the care population remains at this level for the remainder of 2011/12 there is a risk that the resulting pressure on the placements budget will partly offset the leaving care savings.

### **Special Needs Service:**

The Special Needs Transport routes are now well bedded down for the new academic year and the service is now forecasting an under spend of £0.125m in 2011/12. As at the end of December a total of 5 children have been successfully travel trained as part of the SNT2 transformation programme with an additional 15 children currently on the training programme. It is hoped that by the end of March a total of 20 children will have been successfully trained.

A review of the Children with Disabilities client costs has uncovered a likely pressure of £0.117m.

In addition to this there are additional under spends totalling £0.057m as all non critical expenditure has been stopped.

## Place Shaping - Period 09 - 2011/12

As at period 9 the Place Shaping Directorate is forecasting an underspend in 2011/12 of £21k. This forecast has also managed to contain the pressure of an 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 £75k in respect of the St Georges' Field appeal.

	Revised Budget	Forecast Outturn	Variance				
			Period 9		Previous Period 8		Prev. Year
			Actual	Forecast	Var. £'000	% (1dp)	Forecast £'000
£'000	£'000			£'000		£'000	
<i>Calculations:</i>	<i>A</i>	<i>B</i>	<i>C=B-A</i>	<i>D=C/A</i>	<i>E</i>	<i>F=B-E</i>	<i>G</i>
Business Management	1,876	1,847	-29	-1.5%	1,845	2	1,170
Planning Services	2,180	2,286	106	4.9%	2,235	51	2,749
Economic Development Research & Enterprise	837	795	-42	-5.0%	796	-1	1,026
Major Development Projects	328	410	82	25.0%	409	1	175
Corporate Estate	-356	-494	-138	38.8%	-444	-50	-587
Total	4,865	4,844	-21	-0.4%	4,841	3	4,533

### 1) Significant changes in outturn current period compared to previous:

a) Business Management:

There has been a minor adverse movement of £2k between period 8 and period 9.

b) Planning Services

There has been an adverse movement of £51k between period 8 and period 9 mostly relating to an increase in provision for redundancy costs.

c) Economic Development Research & Enterprise:

There has been a minor positive movement of £1k between period 8 and period 9.

d) Major Development Projects:

There has been a minor adverse movement of £1k between period 8 and period 9.

e) Corporate Estate:

There has been a positive movement of 50k between period 8 and period 9, relating to an increased forecast in corporate estates rents.

## **2) Significant outturn variances in current period:**

### **a) Business Management:**

*As at period 9 the forecast is £29k under budget due to salary savings following the temporary secondment of an employee to Business Support, and the forecast reduction on computer software and revenue projects/campaigns.*

### **b) Planning Services:**

*In total the forecast outturn position for Planning Services is £106k over spent against budget primarily due to pressures in achieving building control £136k income. Building control is forecasting an under recovery of £196k caused by the adverse economic condition and based on the current health of the construction sector is an ongoing challenge. This has been offset in year by additional one off income from planning applications (including £100k from Kodak) to give an above target income of £59k. The division is currently undergoing budget realignment to address the pressures on achieving build control income targets.*

*The above income challenges have been mitigated by flexing resources and controlling expenditure to achieve an under spend of £57k. This forecast expenditure has also absorbed cost of planning appeals £85k (St Georges Field £75k and Beckett Fold £15k).*

*It is currently anticipated that Planning Development Grant funding of £230k will need to be carried forward into 2012/13.*

### **c) Economic Development Research & Enterprise:**

*The forecast outturn at period 9 is £42k under spent against budget and includes £25k for outer London bid costs.*

### **d) Major Development Projects:**

*Major Development Projects is forecasting an overspend of £82k due to salary costs (£45k) and a reduction in income from capital re-charges (£43k) due to several capital projects which will no longer go ahead. There is also a small underspend (£6k) on other 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.*

### **e) Corporate Estate:**

*Corporate Estate's forecast outturn is £138k under spent against budget due in the main to projected savings in security costs, rates and a forecasted increase in rental income. This is offset by additional agency costs for car park analysis work. The budgeted 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.*

## **3) Significant quarterly outturn variances:**

*There has been an overall positive movement of £20k between period 6 and period 9. There are no significant variances to report.*

## **4) Any other information:**

*None to report.*



Capital Monitoring as at Period 9

	VARIANCE ANALYSIS									Actuals & Commitments	% Spend of Capital Programme at period Q3
	Revised Capital Programme - end Q2	Q3 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn forecast	Variance (before rephasings)	Rephasing	(Underspend) / overspend due to project completion with (lower)/higher project costs	Underspend due to project cancellation or part delivery			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	%
<b>General Fund</b>											
Chief Executive's Directorate	25,599	0	25,599	11,880	(13,718)	(366)	(659)	(12,693)	11,551	45	
Adults and Housing GF	5,465	0	5,465	3,970	(1,496)	(1,127)	(154)	(214)	2,411	44	
Place Shaping	4,913	0	4,913	2,403	(2,510)	265	(275)	(2,500)	1,285	26	
Children's Services	14,261	120	14,382	9,504	(4,878)	(4,860)	2	(20)	6,597	46	
Community and Environment	13,182	123	13,306	11,570	(1,735)	(1,244)	32	(523)	9,568	72	
Amounts to be found for £1m DFG programme increase & round	(999)		(999)		999		999				
<b>Total GF Programme</b>	<b>62,421</b>	<b>244</b>	<b>62,665</b>	<b>39,327</b>	<b>(23,338)</b>	<b>(7,332)</b>	<b>(54)</b>	<b>(15,951)</b>	<b>31,412</b>	<b>50</b>	
HRA	11,194	0	11,194	8,125	(3,069)	(81)	(935)	(2,053)	3,856	34	
<b>Total Capital Programme</b>	<b>73,616</b>	<b>244</b>	<b>73,859</b>	<b>47,452</b>	<b>(26,407)</b>	<b>(7,413)</b>	<b>(990)</b>	<b>(18,004)</b>	<b>35,268</b>		

Capital Monitoring as at Period 9

	VARIANCE ANALYSIS									Actuals & Commitments
	Revised Capital Programme - end Q2	Q3 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn forecast	Variance (before rephasings)	Rephasing	(Underspend) / overspend due to project completion with (lower)/higher project costs	Underspend due to project cancellation or part delivery		
<b>Chief Executive's Directorate</b>										
BTP - New Projects - Streets	1,052	0	1,052	1,006	(46)	0	(46)	0	915	
BTP - New Projects - Libraries	1,297	0	1,297	1,293	(4)	0	(4)	0	1,812	
BTP - New Projects - Corporate Services	251	0	251	333	82	0	82	0	439	
BTP - New Projects - CCAD	2,449	0	2,449	1,879	(570)	0	(570)	0	2,120	
BTP - New Projects - Business Support	1,448	0	1,448	1,388	(60)	0	(60)	0	1,311	
BTP - New Projects - Mobile & Flex	3,743	0	3,743	0	(3,743)	0	0	(3,743)	0	
BTP - New Projects - HARP 1 Refresh project	85	0	85	167	82	0	82	0	20	
BTP - New Projects - HARP 1 set up	24	0	24	20	(4)	0	(4)	0	0	
BTP - New Projects - HR L&D	27	0	27	21	(5)	0	(5)	0	21	
BTP - Outline Business Cases	157	0	157	155	(1)	0	(1)	0	280	
BTP - New Projects - New business cases	5,230	0	5,230	0	(5,230)	0	0	(5,230)	0	
BTP - New Projects - Projects to be defined	3,000	0	3,000	1,055	(1,945)	0	0	(1,945)	0	
BTP - New Projects	0	0	0	(131)	(131)	0	(131)	0	(184)	
LBH Anywhere - ITO Milestone Payments	4,906	0	4,906	3,544	(1,362)	0	0	(1,362)	4,435	
LBH Anywhere	8	0	8	8	0	0	0	0	(115)	
ICT - Milestones	413	0	413	0	(413)	0	0	(413)	0	
LAA Performance Reward Grant	748	0	748	383	(366)	(366)	0	0	276	
BTP - New Projects - Finance Systems Developments arising	250	0	250	250	0	0	0	0	0	
SAP Minor Developments	219	0	219	219	0	0	0	0	119	
Small Projects	291	0	291	291	0	0	0	0	102	
<b>Total</b>	<b>25,599</b>	<b>0</b>	<b>25,599</b>	<b>11,880</b>	<b>(13,718)</b>	<b>(366)</b>	<b>(659)</b>	<b>(12,693)</b>	<b>11,551</b>	
<b>Adults</b>										
Bentley Reablement centre	150	0	150	0	(150)	(150)	0	0	0	
Millmans (Neighbourhood Resource Centre)	350	0	350	149	(201)	(198)	(3)	0	0	
Residential Provision works	600	0	600	401	(199)	(46)	0	(153)	319	
Social Care Sites	150	0	150	89	(61)	0	0	(62)	40	
Supported Housing (HIV)	1,448	0	1,448	748	(700)	(700)	0	0	474	
Stabilisation and development of Framework-i	56	0	56	56	0	0	0	0	61	
<b>Housing GF</b>										
Affordable Warmth	0	0	0	0	0	0	0	0	0	
Disabled Facilities Grants (owner occupiers)	2,245	0	2,245	2,245	0	0	0	0	1,391	
Empty Property Grants	297	0	297	164	(133)	(33)	(100)	0	109	
Private Sector Rented Housing (Renovation Grants)	115	0	115	64	(51)	0	(51)	0	34	
Better Homes Grants	35	0	35	35	0	0	0	0	(17)	
Social Reform Grant	20	0	20	20	0	0	0	0	0	
<b>Total</b>	<b>5,465</b>	<b>0</b>	<b>5,465</b>	<b>3,970</b>	<b>(1,496)</b>	<b>(1,127)</b>	<b>(154)</b>	<b>(214)</b>	<b>2,411</b>	
<b>Place Shaping</b>										
Civic Centre site development	500	0	500	225	(275)	0	(275)	0	86	
Development of a Consolidated, Integrated Civic 1 Building	945	0	945	1,450	505	505	0	0	801	
Heritage Projects	500	0	500	0	(500)	0	0	(500)	0	
Town Centre Infrastructure	400	0	400	160	(240)	(240)	0	0	146	
Green Grid	200	0	200	200	0	0	0	0	39	
City Farm	250	0	250	0	(250)	0	0	(250)	0	
Asset Development	250	0	250	0	(250)	0	0	(250)	0	
Land Acquisition	1,500	0	1,500	0	(1,500)	0	0	(1,500)	0	
Outer London Fund	368	0	368	368	0	0	0	0	213	
<b>Total</b>	<b>4,913</b>	<b>0</b>	<b>4,913</b>	<b>2,403</b>	<b>(2,510)</b>	<b>265</b>	<b>(275)</b>	<b>(2,500)</b>	<b>1,285</b>	

Capital Monitoring as at Period 9 (cont.)

	Revised Capital Programme - end Q2	Q3 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn forecast	Variance (before rephasings)	Rephasing	(Underspend) / overspend due to project completion with (lower)/higher project costs	Underspend due to project cancellation or part delivery	Actuals & Commitments
<b>Childrens Services</b>									
Catering in schools	1,791	0	1,791	1,847	56	0	56	0	1,426
Catering in schools - Park High	950	0	950	452	(498)	(500)	2	0	13
School Amalgamation - Grange	755	0	755	761	6	0	6	0	704
School Amalgamation - Longfield	745	0	745	751	6	0	6	0	628
School Amalgamation - Elmgrove	1,300	0	1,300	406	(894)	(900)	6	0	37
School Amalgamation support	19	0	19	(23)	(42)	0	(42)	0	(32)
Primary Development - Marlborough phase 1	1,900	0	1,900	304	(1,596)	(1,800)	4	0	0
Primary Development - Weald	1,500	0	1,500	203	(1,297)	(1,300)	3	0	6
High School Development	350	0	350	353	3	0	3	0	0
IT	75	0	75	75	0	0	0	0	9
Capital Maintenance incl Scheme Developments	544	120	665	175	(490)	(463)	(27)	0	64
Short Breaks for Disabled Children	147	0	147	50	(97)	(97)	0	0	0
Autistic Spectrum Disorder provision in schools	0	0	0	(44)	(44)	0	(44)	0	62
Year 7 - Education Modernisation Improvements	65	0	65	45	(20)	0	0	(20)	(7)
Primary Capital	253	0	253	92	(161)	0	(161)	0	1
Devolved Formula Non VA schools	2,939	0	2,939	2,939	0	0	0	0	2,830
Whitmore (High School No.1)	537	0	537	525	(12)	0	(12)	0	476
Children's Centre	0	0	0	176	176	0	176	0	142
Targeted Capital	0	0	0	25	25	0	25	0	(73)
Practical Cooking	84	0	84	87	3	0	3	0	49
Project fees during defects period	62	0	62	69	6	0	6	0	15
Relocation of 80-82 Gayton Road	245	0	245	235	(10)	0	(10)	0	247
<b>Total</b>	<b>14,261</b>	<b>120</b>	<b>14,382</b>	<b>9,504</b>	<b>(4,878)</b>	<b>(4,860)</b>	<b>2</b>	<b>(20)</b>	<b>6,597</b>
<b>Community and Environment</b>									
Tree Planting & Parks, etc.	110	0	110	110	0	0	0	0	98
Corporate Accommodation	250	0	250	201	(49)	0	(49)	0	82
Carbon commitment	119	0	119	119	(0)	0	(0)	0	19
Affordable Warmth	150	0	150	150	0	0	0	0	0
High Priority Major Works Corporate Buildings	440	0	440	440	0	0	80	(80)	302
Neighbourhood Investment Scheme	310	0	310	309	(1)	0	(1)	0	12
Public Realm Infrastructure - Highways Programme	4,340	0	4,340	3,693	(647)	(647)	0	0	4,084
Public Realm Infrastructure - Drainage Programme	350	0	350	310	(40)	(40)	0	0	270
Public Realm Infrastructure - Lighting Programme	974	0	974	542	(432)	(432)	0	0	525
Public Realm Infrastructure - Traffic & Parking	355	0	355	355	0	0	0	0	272
Public Realm Infrastructure	78	0	78	78	0	0	0	0	71
Recycling Schemes	431	0	431	431	(0)	0	(0)	0	385
School Landlord Works	750	0	750	307	(443)	0	0	(443)	0
Transport for London Schemes	3,938	73	4,011	3,886	(125)	(125)	0	0	3,309
s106 Schemes	0	50	50	50	0	0	0	0	0
Leisure Centre and other sites	167	0	167	167	0	0	0	0	24
Harrow Arts Centre Refurbishment	25	0	25	25	0	0	0	0	0
Headstone Manor Refurbishment	250	0	250	250	0	0	0	0	0
Hatch End Pool Modernisation	0	0	0	0	0	0	0	0	(4)
Hatch End Site Modernisation	146	0	146	148	2	0	2	0	119
<b>Total</b>	<b>13,182</b>	<b>123</b>	<b>13,306</b>	<b>11,570</b>	<b>(1,735)</b>	<b>(1,244)</b>	<b>32</b>	<b>(523)</b>	<b>9,568</b>
<b>Housing Revenue Account</b>									
Extensions Grant	302	0	302	224	(78)	(81)	8	(4)	124
Aids and Adaptations	1,100	0	1,100	701	(399)	0	(199)	(200)	660
Housing Programme	9,793	0	9,793	7,200	(2,593)	0	(744)	(1,849)	3,073
<b>Total</b>	<b>11,194</b>	<b>0</b>	<b>11,194</b>	<b>8,125</b>	<b>(3,069)</b>	<b>(81)</b>	<b>(935)</b>	<b>(2,053)</b>	<b>3,856</b>

## General Fund

### Table 1 Additions and reductions

<b>Project/Scheme and details</b>	<b>£000</b>
<b>Children's</b>	
Capital Maintenance including scheme developments- additional award from the DfE	120
<b>Total</b>	<b>120</b>
<b>Community &amp; Environment</b>	
Transport for London Schemes- additional TFL grants awarded	73
S106 Schemes- utilisation of BAE s106	50
<b>Total</b>	<b>123</b>

### Table 2 Rephasings (potential)

<b>Project/Scheme and details</b>	<b>£000</b>
LAA Performance Reward Grant	-366
Bentley Reablement centre	-150
Millmans (Neighbourhood Resource Centre)	-198
Residential Provision works	-46
Supported Housing (HIV)	-700
Empty Property Grants	-33
Development of a Consolidated, Integrated Civic 1 Building	+505
Town Centre Infrastructure	-240
Catering in schools - Park High	-500
School Amalgamation - Elmgrove	-900
Primary Development - Marlborough phase 1	-1,600
Primary Development - Weald	-1,300
Capital Maintenance incl Scheme Developments	-463
Short Breaks for Disabled Children	-97
Public Realm Infrastructure - Highways Programme	-647
Public Realm Infrastructure - Drainage Programme	-40
Public Realm Infrastructure - Lighting Programme	-432
Transport for London Schemes	-125
<b>Total</b>	<b>-7,332</b>

## **Virements**

-	-
<b>Total</b>	<b>-</b>

### Table 3 Housing Revenue Account

#### **Additions**

	<b>£000</b>
-	-
<b>Total</b>	<b>-</b>

#### **Rephasings**

	<b>£000</b>
Extentions Grant	-81
<b>Total</b>	<b>-81</b>

#### **Virements**

-	-
<b>Total</b>	<b>-</b>

## Appendix 3

### Appendix 3 Housing Revenue Account (31/12/2011)

	Outturn variation 2010-11	Revised Budget 2011-12 £000	YTD Actuals £000	Forecast Outturn 2011-12 £000	Variation £000	Explanation
<b>Operating expenditure :</b>						
Employee Costs	-134	1,988	1,469	2,091	103	Includes £120k recharge from Access Harrow omitted from budget offset plus charge for Paul Najsarek £33k offset by savings on Housing GF and training (£20k)
Supplies & Services	35	630	549	648	18	£60k relating to Communications Strategy and Printing of tenant statements expected - no budget provision.
Utility cost (Water, Gas, Electricity)	-320	679	343	544	-135	Forecast based on actual consumption data.
Estate & Sheltered Services	250	2,240	1,598	2,285	45	Includes £75k capacity on Supporting People Grant which is maintained at 2010-11 levels. Overspends 80k on service review and staff suspension issues.
Central Recharges	52	3,028	2,099	3,087	59	Pressure relates to procurement exercise
<b>Total Operating Expenditure</b>	<b>-117</b>	<b>8,565</b>	<b>6,058</b>	<b>8,655</b>	<b>90</b>	
<b>Repairs expenditure :</b>						
Repairs - Voids	156	619	574	771	152	Increased pressure due to increase in costs.
Repairs - Responsive	149	2,611	3,249	2,687	76	Increased pressure due to increase in costs.
Repairs - Other	-489	2,493	2,948	2,236	-257	Assumes full spend on cyclical, capitalisation of £300k from Ex Decs, and £559k from salaries
<b>Total Repairs expenditure</b>	<b>-184</b>	<b>5,723</b>	<b>6,771</b>	<b>5,694</b>	<b>-29</b>	
<b>Other expenditure:</b>						
Contingency - general	140	173	35	143	-30	Estimated spend includes HRA business planning and strategic review.
Charges for Capital	-556	6,943	0	6,576	-367	Interest rate 4%, not 4.59% per budget
RCCO	-500	0	0	0	0	
Bad or Doubtful Debts	-102	200	0	149	-51	Leaseholder billing completed Aug 2011. Provision based on more accurate ageing of debt.
HRA Subsidy	404	6,989	4,880	7,266	277	Offsets capital charges (see above)
<b>Total Other expenditure</b>	<b>-614</b>	<b>14,305</b>	<b>4,915</b>	<b>14,134</b>	<b>-171</b>	
<b>Total Expenditure</b>	<b>-915</b>	<b>28,593</b>	<b>17,744</b>	<b>28,483</b>	<b>-110</b>	

	<b>Outturn variation 2010-11</b>	<b>Revised Budget 2011-12 £000</b>	<b>YTD Actuals £000</b>	<b>Forecast Outturn 2011-12 £000</b>	<b>Variation £000</b>	<b>Explanation</b>
<b>Income</b>						
Rent Income – Dwellings	224	24,501	16,030	24,528	27	Reduced voids turnaround period averaging 24 days against budget assumption of 28 days
Rent Income – Non Dwellings	47	754	515	718	-36	Garages voids running at 50%
Service Charges - Tenants	-16	649	403	649	0	
Service Charges - Leaseholders	275	487	56	482	-5	Income of £520k 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 £482k are expected to be accrued for as part of 2011-12 closure and billed 2012-13.
Facility Charges (Water & Gas)	9	507	326	497	-10	
Interest	0	6	1	3	-3	
Other Income	-145	183	68	86	-97	
Transfer from General Fund	-1	163	0	163	0	
<b>Total Income</b>	<b>393</b>	<b>27,250</b>	<b>17,399</b>	<b>-27,126</b>	<b>-124</b>	
<b>In Year Deficit / (Surplus)</b>	<b>-522</b>	<b>1,344</b>	<b>345</b>	<b>1,357</b>	<b>13</b>	
<b>BALANCE brought forward</b>		<b>-3,779</b>		<b>-3,779</b>		
<b>BALANCE carried forward</b>		<b>-2,436</b>		<b>-2,442</b>		Balances are expected to reduce to £2,442 based on period 9 outturn position.

**Council Tax**

Currently, bad debt provisions (BDP) of £3.333m exist [£3.692m- £0.359m; w/off done 01/04/11-31/12/11] for Council Tax against a potential BDP of £2.652m for debts accrued to 31 March 2011.

<b>COUNCIL TAX</b>	Arrears as at 1 <sup>st</sup> of April	Arrears as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2007-2008	668	547	100	547
2007-2008	610	512	86	440
2008-2009	857	707	73	516
2009-2010	1,292	968	54	522
2010-2011	2,365	1,458	43	627
<b>Total</b>	<b>5,792</b>	<b>4,192</b>		<b>2,652</b>

**National Non Domestic Rates (NNDR)**

Currently, BDP of £2.799 [£3.250m- £0.451m; w/off done 01/04/11 to 31/12/11] exist for business rates (NNDR) against a potential BDP of £1.379m. But as the business rates are a call on the national non-domestic rate pool of central government there is no financial affect to this Authority.

<b>NATIONAL NON DOMESTIC RATES (NNDR)</b>	Arrears as at 1 <sup>st</sup> of April	Arrears as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2010-2011	1,908	729	100	729
2011-2012	0	867	75	650
<b>Total</b>	<b>1,908</b>	<b>1,596</b>		<b>1,379</b>

**Council Tax and Business Rates Court Cost**

Currently, BDP of £0.751m exists for Court Costs against a potential BDP of £0.874m. From previous years trends, this amount of provision appears to be adequate and in line with our overall provisions policy.

<b>Court Cost</b>	Arrears as at 1 <sup>st</sup> of April	Arrears as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2008-2009	229	191	100	191
2008-2009	154	142	86	122
2009-2010	231	203	73	148
2010-2011	462	340	54	183
2011-2012	0	535	43	230
<b>Total</b>	<b>1,076</b>	<b>1,411</b>		<b>874</b>



## Debt Management as at Quarter 3

### Housing Benefits

Currently, BDP of £1.892m [£2.031m - £0.139m w/offers 1/4/11 to 31/12/11] exist for Housing Benefit overpayment debt against a potential BDP of £2.181m. The under provision will be funded from improved collection on overpayments.

Housing Benefit	Arrears as at 1 <sup>st</sup> of April	Arrears as at Qtr 3	BDP	BDP as at Qtr 3
	£000	£000	%	£000
Pre 2009-2010	985	651	100	651
2009-2010	1,006	669	75	502
2010-2011	2,294	1,117	40	446
2011-2012	0	1,942	30	582
<b>Totals</b>	<b>4,285</b>	<b>4,379</b>		<b>2,181</b>

## Debt Management as at Quarter 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.

	<u>Outstanding Debt as at 01.04.11</u>	<u>Outstanding Debt as at 31.12.11</u>	<u>Bad Debt requirement</u>	
<b><u>HOUSING – LEASEHOLDERS</u></b>				
Less than 30 days	0	30	0%	0
30 to 60 days	0	-12	7.5%	0
60 to 90 days	0	-6	15%	0
90 to 180 days	0	114	50%	57
181 to 365 days	0	0	75%	0
> 365 days	122	-15	100%	0
<b>TOTAL</b>	<b>122</b>	<b>111</b>		<b>57</b>
BDP 01.04.11	<b>122</b>			
Less: write offs	-9			
BDP at 31.12.11	<b>113</b>			
<b><u>HOUSING – CURRENT TENANT ARREARS</u></b>				
Less than 30 days	161	149	0%	0
30 to 60 days	85	91	7.5%	7
60 to 90 days	101	114	15%	17
90 to 180 days	100	60	50%	30
181 to 365 days	78	45	75%	34
> 365 days	29	8	100%	8
<b>TOTAL</b>	<b>554</b>	<b>467</b>		<b>96</b>
BDP 01.04.11	<b>159</b>			
Less: write offs	0			
BDP at 31.12.11	<b>159</b>			
<b><u>HOUSING – FORMER TENANT ARREARS</u></b>				
Less than 30 days	44	57	0%	0
30 to 60 days	54	4	7.5%	0
60 to 90 days	105	91	15%	14
90 to 180 days	138	15	50%	8
181 to 365 days	234	57	75%	43
> 365 days	240	583	100%	583
<b>TOTAL</b>	<b>815</b>	<b>807</b>		<b>648</b>
BDP 01.04.11	<b>505</b>			
Less: write offs	-125			
BDP at 31.12.11	<b>380</b>			

The level of bad debt provision is being reviewed alongside the accounting policies by the Financial Accounting Team. The outcome will be reported in quarter 4 and position on all provisions updated..