

REPORT FOR: CABINET

Date:	20 June 2012
Subject:	Revenue and Capital Outturn 2011-12
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Corporate Director Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 - Revenue Commentary Appendix 2 - Transformation and Priority Initiatives Fund Appendix 3 - Capital Monitoring Appendix 4 - Housing Revenue Account Appendix 5 – Carry Forwards and Commitments Appendix 6 – Technical adjustments

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital outturn position for 2011-12.

Recommendations:

- (a) Note the revenue and capital outturn position for 2011-12;
- (b) Approve the proposed revenue carry forwards of £2.8m as discussed in paragraph 28 and detailed in Appendix 5;
- (c) Approve the movements between reserves and provisions as outlined in paragraph 27;
- (d) Approve that the net remaining revenue under spend of £1.3m is allocated

£0.5m to the general reserves and £0.8m to the Transformation and Priority Initiatives Fund;

- (e) Approve the additions, movements and virements on the capital programme during quarter 4 as set out at Tables 2 and 3 of Appendix 3;
- (f) Approve the carry forward on capital projects as set out in paragraph 35 and Table 4, Appendix 3;
- (g) Note the timetable for accounts completion and external audit review as outlined in paragraph 38.

Reason

To confirm the financial position as at 31 March 2012

Section 2 – Report

Executive Summary

1. The Council has managed a difficult financial year and delivered an overall under spend of £1.3m after allowing for £1.8m recommended to be carried forward. The carry forwards requested for approval are explained in paragraph 28 of the main report and listed in Appendix 5. The under spend is the result of careful financial management in year, including the issuance of a Spending Protocol to eliminate emergent pressures in year. The end of year position allows the Council to allocate £0.5m to General Reserves as a contribution towards the General Reserves policy adopted by Council at its 16 February meeting, and £0.8m relating to the under spend on the Transformation and Priority Initiatives Fund (TPIF) to be carried forward to bolster the fund and support invest to save and other initiatives in 2012-13.
2. The Corporate Strategy Board issued a Spending protocol in year, when it became clear that there were emergent pressures in Adults and Housing and Community and Environment. The position in Adults and Housing was managed back down to an under spend through early identification of the issues and focussed management action supported by the finance team. The Spending Protocol was strictly observed in the directorates resulting in some areas holding back expenditure on non frontline services, which will be required in 2012-13. There are therefore planned under spends of £1.056m which are part of the carry forward recommended.
3. The Directorate net position is an under spend of £0.295m. This position is reached after creating provisions in relation to known liabilities, for which a reliable estimate can be made. These specifically relate to: planned redundancies included in the 2012-13 Budget and the MTFs, which were communicated in 2011-12, of £3.5m cross council; and £1.1m in relation to Municipal Mutual Insurance (MMI) based upon the minimum liability recommended by the actuarial review undertaken in March this year. Further explanation is set out in paragraphs 9 and 10 of the main report.
4. Specific reserves of £2.1m were earmarked in the 2011-12 budget to fund anticipated redundancies. £0.6m was allocated in year from the TPIF, leaving £1.5m split between the TPIF (£0.907m) and an earmarked reserve for employment and litigation (£0.555m) available to allocate at year end. The £1.462m is no longer required for this purpose as the redundancy provision has been charged directly to the relevant Directorates as part of the year end accounting adjustments. This is explained further in paragraphs, 23 - 24 and 27 in the main report.
5. The carry forward position represents three distinct categories:
 - (a) Income received in 2011-12 which relates to 2012-13, but under the accounting rules for IFRS is recorded in the year of receipt, rather than the year for which it is awarded. This relates to any income or grant received which is not ring fenced and not repayable. The total in this category is £0.331m;
 - (b) Delayed expenditure of £1.056m which was held back in order to comply with the Spending Protocol which was issued by CSB alongside the quarter 2 forecast, due to the emergence of pressures in year, but which is required to complete outstanding projects;

- (c) £1.199 m in relation to pressures on the 2012-13 budget, which were not known about at the time of setting the budget;

The carry forward requests recommended for approval are set out in Appendix 5.

Introduction

6. The total reported revenue outturn for the Council is £171.010m against a budget of £176.954m which represents an under spend of £5.944m, a 3.3% variation to budget. This is the position before the required year end accounting adjustments of £4.644m in respect of making adequate provisions as set out in paragraphs 9 and 10 leaving a £1.3m under spend to be allocated £0.5m to General Reserves and £0.8m in relation to the under spend on the Transformation and Priority Initiatives Fund (TPIF) to be carried forward and reallocated to the fund.

The table below summarises the position:

Table 1.

Original Budget		Latest Budget	Outturn	Variation	% variation	Charge to provisions	Adjusted 2011/12 outturn	2010/11 outturn
£000		£000	£000	£000	%	£000	£000	£000
12,275	Assistant Chief Executive	14,684	13,054	-1,630	-11.1	703	-927	-1,333
	ACE Corporate Items	-54	544	598	1100	0	598	
3,566	Legal and Governance	3,443	3,392	-51	-1.5	280	229	8
8,528	Corporate Finance	10,384	9,955	-429	-4.1	100	-329	-887
-694	CF Corporate Items	-840	-1,186	-346	-41.2	750*	404	0
23,675	Sub Total Corporate	27,617	25,759	-1,858	-6.7	1,833	-25	-2,212
67,508	Adults & Housing	65,740	65,690	-50	-0.1	0	-50	-618
43,986	Community and Environment	47,254	47,780	526	1.1	1,355	1,881	-307
40,852	Children's	41,514	38,093	-3,421	-8.2	876*	-2,545	-588
4,382	Place Shaping	4,628	4,492	-136	-2.9	580	444	-347
180,403	Sub Total Directorate	186,753	181,814	-4,939	-2.6	4,644	-295	-4,072
823	Inflation and Corporate Items	907	0	-907	-100	0	-907	-1,884
1,000	Contingency	300	0	-300	-100	0	-300	
-4,462	Capital Financing	-8,590	-10,192	-1602	-18.65	0	-1,602	2,601
-2,580	Council Tax Support Grant	-2,580	-2,580	0	0	0	0	0
0	Carry Forwards	106	1,910	1,804	-	0	1,804	2,213
325	Provisions	58	58	0		0	0	7
175,509	Total Budget Requirement	176,954	171,010	-5944	-3.3	4,644	-1300	-1,135

* indicates £0.750m in CF Corporate Items and £0.350m in Children's allocation to MMI provision. All other adjustments relate to redundancy provisions.

Directorates' Position

7. The outturn position for the Directorates is £181.814m against a latest budget of £186.753m, which represents an under spend of £4.939m, a variance of 2.6% of the net budget. This reduces to £0.295m after the required year end accounting adjustments explained in paragraphs 9 and 10 below.
8. The outturn has been achieved through a concerted effort throughout the year by the Directorates to contain and reduce spend, both to eliminate emergent pressures in year, and in the wake of the Spending Protocol issued by CSB. The Spending Protocol issued by CSB and mandated by the Leader gave a clear message that all spending which did not impact vital services and vulnerable clients must be restrained; Directorates with emergent or actual pressures acted to eliminate the pressures as far as possible; and Directorates were also mandated to endeavour to deliver an under spend to fund future redundancy commitments of £1.4m as a minimum. The under spend is mainly made up of income received in advance (£0.3m) and delayed expenditure (£1.1m), which are one off in nature and the early delivery of the Budget 2012-13 savings, which are already built into base budget.
9. The Council had already provided for expected redundancy costs of £2.1m comprising £1.563m from the TPIF and £0.555m employment and litigation reserve set up as earmarked reserves. The Corporate Director of Resources requested a further £1.4m to be held back as under spend to meet further costs identified, as the business cases included in the Budget and MTFs were developed in year. Accounting adjustments made at year end allocated the known redundancy costs of £3.5m against the relevant Directorates, in order to set up specific provisions. This has enabled £1.462m of earmarked reserves, made up of the balance for invest to save/severance of £0.907m on the TPIF and £0.555m earmarked employment and litigation reserve to be released: £0.800m to be reallocated to the TPIF and the balance of £0.107m on the TPIF and the £0.555m to support the requested carry forwards. The position on the TPIF and its proposed reallocation is further explained at paragraphs 23 and 24 and Appendix 2, and for the employment and litigation reserve at paragraph 27.
10. In respect of the requirement for a provision of £1.1m; Municipal Mutual Insurance was the predominant insurer of public sector bodies prior to ceasing its underwriting operations in September 1992. It entered into a Scheme of Arrangement in 1993. With many elements of uncertainty surrounding MMI's liabilities, if insolvency is considered unavoidable, then the Scheme Creditors (of which Harrow Council is one) would be subject to a levy. The size of the levy depends on the amount paid to the Creditors since September 1993. Subsequent to this levy, any liabilities or elective defence costs payments made by MMI will be made at a reduced rate, leaving their Creditors to fund the shortfall. Therefore, the Council has taken the advice of the actuary, who considers it to be wholly appropriate and justifiable, as well as in line with other local authorities to provide for £1.1m of the £1.4m minimum future liability in relation to MMI, uninsured future insurance claims. This charge, to cover the future liability, has been allocated £0.350m to Children's and £0.750m to Corporate, in recognition of the corporate liability. It is unlikely that the £1.4m would be required immediately, and so it is considered that £1.1m is a prudent minimum amount to provide for.

11. The creation of specific provisions at year end is an accounting adjustment which is required under the correct implementation of International Financial Reporting Standards. The requirement for these adjustments based upon a proper interpretation of the appropriate recognition criteria, measurement bases and disclosure requirements for provisions is determined by the Section 151 Officer and is responsible for the major changes to the directorate outturns as shown in Table 1.
12. The position for each Directorate is set out below. The explanation for the under and over spends are consistent with the management accounting reports received by the Cabinet quarterly. The actual final position is after the accounting adjustments required, explained in paragraph 11 above.

Corporate Directorates

13. The Corporate Directorates are reporting a final net under spend of £0.025m after accounting adjustments. The main variances before the accounting adjustments are explained as follows:
- (a) Corporate Finance outturn is an under spend of £0.429m mainly resulting from Housing Benefits staffing savings and government grant of £0.082m in respect of 2012-13, the latter which will be carried forward. There are other offsetting over and under spends;
 - (b) Finance corporate items is reporting an over spend of £0.404m. This emanates from an under spend of £0.346m before making a corporate contribution of £0.750m to MMI; the under spend mainly results from; £0.139m in relation to New Homes Bonus in 2012-13, to be carried forward; various offsetting under and over spends; £0.180m saving on the Carbon Reduction commitment scheme where costs have been funded by schools; £0.072m saving from over accruals;
 - (c) Legal is reporting an under spend of £0.051m;
 - (d) Assistant Chief Executive's (ACE) department is reporting a favourable variance of £1.630m; the main variances are:
 - (e) £0.272m saving on Concessionary Fares including assessment and issue costs; £0.300m saving on Shared Services through vacancy management; £0.153m on Partnerships, Development and Performance including £0.040m from additional SLA income; Business Transformation Programme is under spent by £0.396m, of which £0.343m relates to projects deliberately held back as part of the spending protocol, and which are rephased into 2012-13; £0.257m on IT of which £0.065m relates to delayed work with the balance resulting from maintaining vacancies and savings on communications.;
 - (f) ACE Corporate items has overspent by £0.598m, mainly relating to; the shortfall in anticipated savings on the Resourcing Contract £0.190m; a pressure of £0.145m relating to a final payment due at the end of the corporate print contract in 2012-13; partly offset by grant of £0.219m not built into the budget;
 - (g) The Business Support project over spent by £0.444m. This is a cross council project and is recorded against ACE for practical purposes.

Adults and Housing

14. Adults' social care and Housing homelessness experienced significant emergent pressures in year, which were reported to the Cabinet in quarter 2. Early management action in tandem with finance support have ensured that those pressures have been contained, and overall there is a net under spend of £0.050m. The success achieved in containing the pressures means that Housing did not ultimately need to call on the earmarked reserve of £0.300m for Homelessness set up as part of the 2011-12 budget, and which the Cabinet had agreed at its meeting of 15 December could be released. There is a growth item of £0.740m to tackle homelessness pressures in the 2012-13 budget and therefore, the unutilised reserve has been re-designated as part of the Section 151 officer's year end proposals as set out in paragraph 27. Adults called upon some one off funding, mainly Supporting People grant brought forward and also received £0.600m winter pressures money from the PCT in year, as well as making savings across all services on contracts and other non frontline services in order to deliver an under spend of £0.104m. Demographic growth of £3m is built into the 2012-13 budgets to tackle the underlying pressures.
15. The outturn position for Adults is therefore, a favourable variance of £0.104m on Adults and an over spend on Housing of £0.054m; the main variations are as follows;
- (a) Commissioning and Partnership reported an under spend of £1.139m and strategic management £0.202m which mainly offset over spends on Long Term Care & Safeguarding of £0.441m and personalisation and reablement £0.709m;
 - (b) Housing over spent by £0.054m which was achieved despite pressures on homelessness, bed and breakfast clients of £0.339m. Management action found offsetting savings elsewhere in the budget without affecting frontline services. This would have been an under spend had it not been for the year end proposal by the Section 151 officer not to release the reserve that the Cabinet had previously agreed to.

Community and Environment Services

16. The Community and Environment outturn final position is an over spend of £1.881m. The position before accounting adjustments is an over spend of £0.526m. The main reason for the over spend which has been reported in year is due to the reduction in the capital programme which has meant that staff no longer able to work on capital projects have become a revenue pressure. A restructure of Property Services is underway which is due to complete in July 2012 which will eliminate this pressure. Other areas of over spend have occurred mainly in Public Realm (£0.240m) and the Leisure Centre (£0.381m), partly resulting from plant failures at the Leisure Centre swimming pool. The Directorate have taken management action, supported by finance to mitigate some of this pressure and reduce the amount of over spends through compliance with the Spending Protocol and benefiting from some additional income. The 2012-13 budget includes growth of £0.513m to cover income pressures in Public Realm and parking enforcement; and £0.080m for pressures in the Property budget.

Place Shaping

17. The final outturn position shows an over spend of £0.444m. The Directorate achieved an under spend of £0.136m before accounting adjustments, which largely comprised of an under spend of £0.080m in relation to repairs and maintenance at Pinner Park Farm, which will still need to be carried out and is requested as a carry forward. The outturn position has also contained pressures arising on planning income and an additional £0.075m incurred in respect of the ST George's Field appeal.

Children's Services

18. The Children's Services outturn is an under spend of £2.545m after year end accounting adjustments. It should be noted that there are budget areas within Children's which are volatile by nature and can not be easily predicted during the year, such as Children Looked After placements. Whilst there is a significant under spend in 2011-12, this generally reflects the early delivery of 2012/13 budget savings and does not necessarily indicate that this level of under spend will continue or that it would be prudent to reduce the current budget. The under spend occurs on all services and the main factors are detailed below.

(a) £0.854m (before accounting adjustment of £0.426m) on Quality Assurance, Commissioning and Schools arising from London wide delays in implementing London Grid for Learning (£0.246m), requested to be carried forward, and £0.092m on commissioning which has arisen as old service contracts and SLA's have expired and there is an inevitable lag in developing and negotiating replacement provision;

(b) £0.788m (before accounting adjustment of £0.100m) on Early Intervention Service, mainly arising on Children's Centres (£0.575m) reflecting the early successful delivery of the planned 2012-13 MTFS savings;

(c) £0.963m on Targeted Services in Children Looked After placements (one of the most volatile budget areas); arising on Asylum Client costs £0.178m, mostly due to a larger number of leaving care clients leaving the service; and £0.548m on Leaving Care client costs due to the increase in age from 16 to 18 that young people transfer to the Leaving Care team, coupled with a lean review that has significantly reduced costs;

(d) £0.199m on Special Needs Transport due to the rationalisation of routes.

19. Children's are requesting carry forwards of £0.7m which reduces their under spend further to around £1.8m. The Directorate reported that it would be £1.4m under spent in the quarter 3 Financial Monitoring report to the Cabinet, this assumed a £0.7m carry forward which was not reflected in the forecast under spend.

Housing Revenue Account (HRA)

20. The Housing Revenue Account is included at Appendix 4. Net revenue expenditure was £0.988m against budget of £1.343m resulting in an under spend of £0.355m. The

HRA revenue balances at year end are £2.8m, an improvement of £0.4m over budget.

The under spend against budget relates primarily to:

- (i) lower than anticipated contribution to bad debt provision as a result of a review driven by changes in accounting standards.
- (ii) reduced charges for capital resulting from lower than expected spend on capital programme (£6.1m spent against budget of £11.2m)

Capital Financing, Inflation and Corporate items

- 21. The capital financing budget has out performed by £1.6m. Of this £0.4m is the improvement on investment returns and costs of borrowing; £1.1m is in relation to Minimum Revenue Provision (MRP) being lower than expected; and £0.1m is in respect of capitalising borrowing costs which is permitted under the IFRS code of practice.
- 22. There is an under spend of £0.3m in relation to the Contingency and £0.9m in relation to the Transformation and Priority Initiatives (TPIF) fund. This is the remainder of the Fund in relation to severance costs only, and it is recommended that £0.8m of the under spend be carried forward and reallocated to the fund, as all redundancies have been provided for as part of the outturn.

Transformation and Priority Initiatives Fund (TPIF)

- 23. The TPIF started the year with a balance of £2.529m. The balance on the fund at quarter 3 as reported to the Cabinet at its meeting of 9 February 2012 is attached at Appendix 2. £0.130m has been requested to be drawn down in quarter 4, leaving £0.383m in relation to transformation and £0.907m on invest to save/ severance costs.
- 24. It is recommended that £0.800m of the remaining balance of £0.907m is carried forward and added to the £0.383m remaining on the transformation part of the fund as set out in table 3 below. This leaves the balance on the TPIF at £1.184m at year end.

Provisions and Reserves

- 25. The Council is required to make an adequate and appropriate level of provisions and reserves. The tables below show the level of provisions and reserves which are recommended as the level required by the Council.
- 26. The level of provisions arrived at in the table below sets out the allocations to the Employee Related Provision in respect of redundancies of £3.5m, and the £1.1m allocation to insurance in respect of MMI future liabilities. The provisions as set out in Table 2 are at the required level to meet the Council's known liabilities and comply with the accounting requirements for provisions.

Table 2

	Balance before adjustments	Transfers In – as per paragraphs 8&9	Balance at 31.3.12
	£000	£000	£000
Provisions			
Litigation Provision	1,121		1,121
HRA - Disrepair Provision	46		46
Mental Health Act (S117) Provisions	205		205
GF - Private Landlord Scheme Disrepair	48		48
Employee Related Provision	272	3,544	3,816
Insurance Fund Provision	4,966	1,100	6,066
Total Provisions	6,658	4,644	11,302

Table 3

Earmarked Reserves	Balance before adjustments £000	Balance from outturn £000	Budget Adjustment £000	Re-designated reserves and under spend £000	Balance at 31.3.12 £000
Transformation and Priority Initiatives Fund – Transformation Appendix 3	384				384
TPIF carry forward 11-12 invest to save/severance – Appendix 3				800	800
Total TPIF					1,184
Homelessness re-designated to Carry Forward Reserve	300			-300	0
Litigation and Employment Related Reserve – re-designated to Carry Forward Reserve	555			-555	0
Carry Forward Reserve 11-12		1,804	*143	855	2,802
	1,239	1,804	143	800	3,986

* Borough Election Provision £106k plus technical adjustment £37k

27. The recommended reallocation of the earmarked reserves is shown above in table 3 and the recommended carry forward on the TPIF. £2.8m is required to fund carry forward requests (£2.568m), TPIF projects approved but not spent (£0.110m), and £0.106m budget provision for borough elections as detailed in Appendix 5. It is recommended that the following reserves are re-designated as they are no longer required: the reserve of £0.555m in relation to litigation and employment can be re-designated as there is adequate provision set up as part of the year end accounting adjustments; and £0.300m allocated as a homelessness reserve has not ultimately been required to balance the budget in year and can also be re-designated. Growth of £0.740m for homelessness is allocated in the 2012-13 budget.

Carry forward Requests

28. There are recommended carry forwards of £2.802m included in Appendix 5. The requests relate to: grants and income received in 2011-12 in relation to 2012-13 of £0.331m; £0.110m in relation to TPIF drawn down but not spent; £1.056m in relation

to planned under spends; £1.199m in relation to budget pressures which have emerged since the budget was set; and £0.106m planned budget provision for borough elections. The carry forwards are recommended to be funded as set out in paragraph 27 above.

Collection Fund

29. The Council Tax collection fund has performed well against its target rate. The actual surplus for 2011-12 is £1.727mm against an estimated surplus of £1.684m resulting in a small favourable variance of £0.043m.

General Balances

30. The opportunity has been identified to increase general reserves by £0.5m and Cabinet is therefore recommended to allocate £0.5m to balances from the net under spend in order to increase balances from their present level of £7m to £7.5m. The policy for General Reserves is that the minimum level must be £6m with an upper target of £8m. The recommended allocation is in keeping with the agreed policy on the contingency, which requires that the first consideration for any unspent balance on the contingency be added to general reserves at the end of the year. The under spend on the contingency is £0.300m, and it is recommended that the allocation to general reserves be increased to £0.5m. It is the strong advice of the Section 151 officer that this is done.

Capital Programme

31. The total Capital Programme at the end of period 12 stands at £74.8m (£63.6m GF and £11.2m HRA), an increase of £0.9m from the quarter 3 position reported to February Cabinet.

32. The General Fund Outturn is £29.2m and the HRA Outturn is £6.1m, resulting in a total variance of £39.5m; £34.4m on GF projects and £5.1m on HRA projects. However, within the above variances, £18.7m relates to "carry forward requests" and thus the under spend after carry forwards is £17.0m on General Fund projects and £1.7m on HRA projects. This compares with a forecast outturn of £47.4m at quarter 3 (£39.3m GF and £8.1m HRA), resulting in a forecast variance of £26.4m; and a forecast under spend after carry forwards of £7.4m, of £16m on GF and £3m on HRA.

33. The general fund £17.0m under spend by directorate programmes is explained as follows :

- a) Chief Executive £13.2m under spend: Mainly due to £10.3m under spend on Business Transformation projects, £2.5m under spend on ITO milestone payments and software licences, and £0.413m on ICT milestones.
- b) Adults & Housing GF £393k under spend : Mainly due to £217k under spend on Residential Provision works/Social Care sites, £73k on Renovation Grants and £100k under spend on Empty Property Grants.

- c) Place Shaping £2.9m under spend : Mainly due to under spend from the Civic Centre site development project (£404k) and £2.4m from non commencing projects such as City Farm, Heritage projects, Asset Development and Land Acquisition).
- d) Children's - £0.578m under spend : Mainly due to projects where the final account costs are expected to be lower than the accruals set up/allocations carried forward from 2010/11. This contributed approximately £0.350m and includes Whitmore School, Priestmead, Norbury, Gayton Road and Sacred Heart.
- e) The remainder of the under spends come from:
 - (i) Satellite Kitchens £122k – where the full Harrow contribution was not required
 - (ii) IT projects £44k – where all anticipated upgrades were not required
 - (iii) Review/utilisation of prior year/current year grants resulting in £43k lower Harrow contributions.
- f) Community and Environment £0.7m under spend: Mainly due to under spends of £102k on NIS, £95k on Carbon Commitment, £95k on Affordable Warmth and £356k on School Landlord Works for only real capital works.

34. The HRA under spend is £1.7m which is requested to be carried forward.

35. The capital carry forward requests total £18.7m (detailed within Appendix 3 – Table 4). £17.044m relates to General Fund of which 45% will be externally funded and 55% from borrowings; of the HRA carry forward of £1.7m, 21% will be externally funded and 79% funded from borrowings. The Corporate Director of Resources recommends that all of these carry forward requests be approved.

36. The Capital Programme details included at Appendix 3 are:

Table 1: details the summary position and provides information by directorate and projects;

Table 2: shows additions and movements in quarter 4 which sum to £0.9m;

Table 3: shows virements in the 4th quarter, and

Table 4 shows the recommended carry forwards of £18.7m.

Technical Adjustments

37. The Council produces its accounts in accordance with the CIPFA /LASAAC Code of Practice which incorporates IFRS. This requires a number of technical adjustments for items that have to be included in the figures on an accounting basis but excluded from the accounts on a funding basis as these costs do not impact on the final position of the Council in terms of changing reserves and balances and have no relevance to the management reporting. However, in order to show the full audit trail on technical adjustments, these are detailed at Appendix 6.

Timetable for accounts completion and external audit review

38. The draft accounts will be completed by the regulatory deadline of 30th June. The audit will commence in early July. The final accounts will be considered by the Governance, Audit and Risk Management Committee (GARM) on 04 September 2012 and must be signed off by the Council and the Auditor by the end of September.

Financial Implications

39. Financial matters are integral to the report.

Environmental Impact

40. There are none directly related to this report.

Performance Issues

41. 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

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

Risk included on Directorate risk register? Yes

Separate risk register in place? No

Equalities Implications

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

Corporate Priorities

44. 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: 14 June 2012		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 14 June 2012		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership, Development and Performance
Date: 14 June 2012		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director Environmental Services
Date: 14 June 2012		

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]
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APPENDIX 1 REVENUE COMMENTARY

Corporate Directorates

Service	Revised Budget	Outturn	Variance		
			Quarter 4		2010/11
			£000	%	£000
Corporate Finance - main	10,384	10,055	-329	-3.2	-566
Corporate Items - CF	-840	-436	404	48.1	-321
Corporate Finance Total	9,544	9,619	75	0.8	-887
Legal & Governance	3,443	3,672	229	6.7	8
Asst Chief Exec Dept	14,684	13,757	-927	-6.3	-1,337
Corporate Items - ACE	-54	544	598	1107.4	4
Chief Executive Total	14,630	14,301	-329	-2.2	-1,333
Total	27,617	27,592	-25	-0.1	-2,212

The corporate directorates had an under spend of £1,858k prior to making provisions of £1,083k for redundancy within the directorates and £750k in relation to anticipated costs arising from the anticipated insolvency of Municipal Mutual Insurance. After making provision for these amounts the corporate directorates are under spent by £-25k. The main variances are as follows:

Corporate Finance Directorate

1. Additional costs of Procurement Transformation £279k.
2. Council Tax Rebates. There is a favourable variance of £-254k. This arises from additional grant on overpayments and recovery of overpayments.
3. Housing Benefits. There is an under spend of £-320k. This arises from a combination of staffing savings and additional government grant. £82k of the additional grant relates to 2012-13 and a carry forward will be requested.
4. Pension augmentation. Saving £-87k There has been a reduction in payments made to former employees together with additional income from colleges.
5. A provision has been made in respect of anticipated redundancies of £100k.

Chief Executive

6. Learning and Development is under spent by £-134k as a result of a reduced volume of work undertaken in response to the spending protocol.
7. HR is under spent by £-98k split between staff savings (£-30k) and £-26k additional SLA income and £42k applying the spending protocol.
8. There is a saving of £-272k on Concessionary Fares. £-172k of this relates to a rebate of Taxi card expenditure, and £-100k to savings on assessment costs and issue costs.

9. There is an under spend of £-277k across Shared Services primarily arising from vacancy management.
10. Partnerships Development and Performance are £-153k under spent, £-40k from additional SLA income and the balance from vacancy management.
11. BTP is under spent by £-396k. Of this £-343k relates to projects where work has been rephased to 2012-13, with the balance being savings on project implementation (£-23k) and a saving on periodic payments (£-30k).
12. There is an under spend of £-257k on IT. £65k of this relates to delayed work on the ITO and will be requested as a carry forward. The balance relates to savings against the Capita contract and recharges made.
13. Risk, Audit and Fraud have an under spend of £-105k. £-40k relates to savings on the Occupational Health contract and the balance from vacancy management.
14. Unbudgeted grant received from the GLA in respect of Safer Stronger Communities £-219k.
15. A provision of £703k has been made in respect of anticipated redundancies.

Legal & Governance

16. Register of Births Deaths and Marriages over achievement of fee income £-75k.
17. Citizenships. Over recovery of fee income £-39k.
18. Member's allowances. £-24k under claimed.
19. Land Charges. £-19k additional income achieved.
20. Legal division Administration. £77k overspend on set up costs for the new Shared Service practice.
21. Staffing savings arising from vacancy management across the directorate £-139k.
22. Register of electors. Net overspend of £23k arising from 2 unbudgeted by-elections.
23. A provision of £280k has been made in respect of anticipated redundancy costs.

Corporate Departments Corporate Budgets

Finance Corporate Budgets

24. There is a net under spend of £-118k in relation to New Homes bonus. There was an adverse budget variance of £21k at the start of the year resulting from the final allocation for the year being less than the indicative allocation. We have since received £139k in relation to the 2012-13 allocation which will be requested as a carry forward.
25. There has been a shortfall of £370k against the corporate procurement savings target where it has not been possible to reduce directorate budgets.

26. 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.
27. The council, as part of West London Alliance have committed to a collaborative procurement hub which will cost £21k.
28. Costs of £16k have been incurred in respect of the management investigation into Capital.
29. There is a saving of £-337k in relation to the goods received / invoice received suspense account.
30. There are savings against accruals from 2011-12 of £-72k.
31. There is a saving of £-180k in relation to the Carbon reduction commitment scheme whereby the cost in relation to schools has been funded by them.
32. There has been a saving on the bad debt provision of £-27k resulting from a change in the methodology applied.
33. A provision has been made of £750k on the advice of the insurance actuary in respect of costs that are anticipated in relation to claims that the Council's former insurer Municipal Mutual Insurance will not be able to pay.

Assistant Chief Executive Corporate Budgets

34. Terms and Conditions. £88k has been allocated from the Transformation Fund for this project. £-18k has not yet been spent and a carry forward will be requested, together with a request for a further £50k to complete the project.
35. Resourcing Contract. There has been a shortfall of £190k on the anticipated saving from the new contract. This reflects a reduction in the use of agency staff since the budget for the saving was set.
36. There is a requirement to contribute £145k in 2011-12 towards the balloon payment due at the end of the corporate print contract in 2012-13.
37. Safer Stronger Communities Fund Grant £-219k. Due to the uncertainty over whether Harrow would receive an allocation, it was assumed that there would be no grant when setting the budget for 2011-12. In the end £219k was received.

Business Support

38. There are adverse variances on the Business Support business case totalling £444k as follows:
39. £158k arising from the Business Support business case agreed at March Cabinet showing lower savings than assumed in the MTFs agreed at February Cabinet.
40. £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.

41. £186k as a result of delays in implementation and hence later realisation of savings.

Children's Services

Children's Services outturn for 2011/12 is an under spend of £2,545k on Council funded services. From this under spend there is a carry forward request, totalling £694k, which includes some liabilities that have slipped into 2012/13.

The under spend reflects the Directorate's commitment to deliver 2012/13 budget savings from their transformational projects and procurement activity as soon as possible. In addition there were one off savings from transitory staff vacancies as staff went through the process of being appointed into the new model plus staff vacancies were held to help meet the in year council budget pressures.

Service	Revised Budget	Draft Outturn	Variance		
			Quarter 4		2010/11
	£000	£000	£000	%	£000
Quality Assurance, Commissioning and Schools	5,081	4,653	(428)	(8.4)	(140)
Early Intervention Service	3,172	2,484	(688)	(21.7)	(675)
Targeted Services	16,815	15,687	(1,128)	(6.7)	900
Special Needs Service	8,983	8,761	(222)	(2.5)	169
Children's Services Management	1,144	720	(424)	(37.1)	(890)
Schools	6,319	6,664	345	5.5	48
Total	41,514	38,969	(2,545)	(6.1)	(588)
C/F Requests			694		
Total			1,851		

Significant outturn variances

The under spend is made up of the following significant variances:

Quality Assurance, Commissioning and Schools:

- Under spend of £264k resulting from London wide delays in implementing the new arrangements for the London Grid for Learning. A budget carry forward to provide for these liabilities in 2012/13 has been requested.
- An overspend in the Capital Team of £220k related to staffing costs following the capital investigation. These costs were partly offset by an under spend of £72k on the private finance initiative costs due to a rebate of insurance costs.
- Under spend of £92k in Commissioning. As part of the new operating model the new commissioning service is reviewing all commissioned services. A number of under spends have arisen as old services & SLAs are decommissioned and there is an inevitable lag in developing and negotiating the replacement provision.

- An under spend of £220k arose from staffing vacancies held in anticipation of the new Business Support model.

Early Intervention Service:

- An under spend of £575k on Children's Centres reflecting the early delivery of the 2012/13 MTFs savings.
- One off under spend totalling £63k resulted from slippage of ICT works on the children's centres. A budget carry forward to provide for these liabilities in 2012/13 has been requested.

Targeted Services:

An under spend of £963k in Children Looked After placements resulting from:-

- Asylum Client Costs £178k
£31k of this results from the final 2010/11 grant settlement being more favourable than previously assumed. An additional under spend of £144k has resulted from a number of leaving care clients leaving the service.
- Leaving Care Client Costs £548k
Following the increase in the age that young people transfer to the Leaving Care Team, from 16 to 18, coupled with the lean review the number of clients has significantly reduced and only two remain in high cost placements.
- The CORAM adoption contract under spent by £53k.
- In House Fostering under spent by £74k.
- Honeypot Lane under spent by £94k mainly on staffing costs and agency costs following the reconfiguration of the service to provide semi independent living.

The remaining under spend of £165k results mainly from staffing vacancies that are yet to be filled following the restructure in the Children Looked after and Children in Need Teams.

Special Needs Service

- Under spend of £199k on Special Needs Transport due to the rationalisation of routes.
- Overspend of £123k on Children with Disabilities however this was mainly contained by delivery of an under spend on the portage service and a staffing vacancy on SEN assessment.

Management

- Early delivery of staffing savings from the implementation of the new operating model. Following the restructure Children's Services is now reporting under the new operating model. The new budgets still need refinement as the final staff are assimilated into the new structure.

Schools

- Overspend of £345k following provision for school related liabilities resulting from the Council's obligations in respect of MMI. This provision relates to the Council's claw back amount should the Scheme of Arrangement be triggered.

Adults Directorate – Outturn 2011/12

The Adults Directorate under-spend in 2011/12 is £0.104m,

	Revised Budget	Draft Outturn	Variance		
			Quarter 4		Prev. Year
			£'000	%	£'000
A& H Transformation	1,195	1,182	(13)	(1.0)	(56)
Commissioning & Partnership	15,013	13,874	(1,139)	(7.6)	(857)
Long Term Care & Safeguarding	26,100	26,541	441	1.7	903
Personalisation & Reablement	19,855	20,564	709	3.6	(186)
Strategic Management	(613)	(715)	(202)	(33.0)	(165)
Adult Services	61,550	61,446	(104)	(0.2)	(361)
Public Health Carry Forward Requests:					
Project Officer		50	50		
IT Feasibility Study		8	8		
HR Support & Advice		15	15		
WLA Procurement Hub		35	35		
Accommodation		6	6		

1) Significant outturn variances:

a) A&H Transformation:

£0.013m under-spend due to;

- Under-spends on Complaints of £0.024m, mainly in relation to consultants
- Under-spend on Service Development £0.026m, mainly in relation to reduced cost of leasing equipment.
- Over-spend on Transformation £0.037m in relation to secondee costs, offset by carry forward requests.

b) Commissioning & Partnership:

£1.139m under-spend due to;

- £0.474m under-spend on Supporting People Grant [in addition to £250k MTFS efficiency achieved] as a result of renegotiating and terminating contracts.
- £0.197m under-spend on Prevention and Carers, £0.114k of which is unallocated growth from 2009-10.
- £0.214m under-spend in ICES equipment, £0.065m of which relates to 2010-11 and £0.140m savings as a result of the introduction of SADL.
- £0.026m over spend on FWI
- £0.010m under-spend on Mental Health, mainly in relation to £0.012m savings on Mental Health daycare.

- vi) £0.047m savings on Support for Living contract funded by supporting people [double funding]
- vii) £0.024m income from Pan London towards support from Contracts & Brokerage team.
- viii) £0.026m under-spend on Catering mainly in relation to Adults Catering.
- ix) £0.147m under-spends in relation to savings as a result of the spending protocol and salaries underspends

c) Long Term Care & Safeguarding:

£0.441m over-spend due to;

- i) £0.601m over-spend on Purchasing Budgets,
- ii) £0.066m under-spend on In House Residential units in relation to staff cost savings as a result of placement vacancies at Woodlands. It is anticipated that these placements will be at capacity by 1 April 2012, so this will not be an ongoing under-spend.
- iii) £0.021m under-spend on Mental Health non pooled budget in relation to underspend on the IMCA Grant.
- iv) £0.062m under-spend on NRC Day centres. This reflects an underspend on the NRC PFI costs, under-spends in relation to gas and electricity costs at the Learning Disability NRC's offset by savings as a result of agency staff reductions in the Physical Disability NRC.
- v) £0.011m under-spend on Long Term Care and Safeguarding salaries.

d) Personalisation & Reablement:

£0.709m over-spend due to;

- i) £0.952m over-spend on Purchasing Budgets.
- ii) £0.072m over-spend on Joint Assessment team salaries in relation to agency cover for sickness and increasing work load of team.
- iii) £0.023m under-spend on care management salaries.
- iv) £0.100m under-spend on training in relation to spending protocol.
- v) £0.154m under-spend on transport in relation to reduced costs of vehicles.
- vi) £0.025m under-spend on Northwick Park Hospital
- vii) £0.013m under-spend on Millman day centre from more efficient catering expenditure.

e) Strategic Management

£0.102m under-spend relates to;

- i) £0.127m under-spend in relation to monies vired from framework-I code to fund costs of Framework-I consultants. These costs were subsequently capitalised, so this remains unutilised.
- ii) £0.045 redundancy provision in relation to restructuring costs.
- iii) £0.013m overspend on legal costs and back dated car user allowance.
- iv) £0.020m additional resourcing contract costs.
- v) £0.048m under-spend on LDDF
- vi) £0.016m under-spend on capital projects revenue code.
- vii) £0.010 under-spend on other salaries costs

Housing Services - Outturn 2011/12

Housing General Fund

The table below summarises revenue position for Housing GF.

This is followed by key assumptions and variations.

	Revised Budget	Draft Outturn	Variance		
			Quarter 4		Prev. Year
			£'000	%	£'000
Housing Needs	2,514	2,605	91	3.6	2,464
Housing Partnerships	584	547	(37)	(6.3)	795
Travellers Site	26	6	(20)	(76.9)	6
Other GF Services	595	545	(50)	(8.4)	2,237
Resident Services	471	541	70	14.9	493
Housing GF	4,190	4,244	54	1.3	5,995
Budget adjustment – not yet actioned	(55)	-	55	-	-
Housing GF if carry forward request agreed	4,135	4,244	109	2.6	5,995

Key assumptions – included in above figures

- Housing Benefit provision of £300k is not utilised to offset B&B pressures
- Depreciation of £196k assumed for Housing Needs (not yet posted to ledger)
- Mortgage repossession grant £55k received in 2011-12 assumed to be carried forward as earmarked reserve therefore budget required (not yet posted to ledger)

Key variations (+ve = adverse, -ve = favourable)

- B&B – budget assumed average 4 families vs 51 on average during 2011-12 + £339k
- Help 2 Let & Private Sector leasing underspends - £96k
- Staffing underspend - £35k
- Watkins House – consultancy spend to conform with CQC requirements + £40k
- Legal fees – mainly from Out of London moves not challenged - £33k
- Security & repairs – mainly works for vulnerable persons' accommodation not necessary - £39k
- Central recharges - £30k
- Other – various items - £37k
- Total variation against budget + £109k**

COMMUNITY AND ENVIRONMENT SERVICES OUTTURN 2011-12

The final position for C&E Directorate shows a variance of £1,881k which includes a redundancy provision of £1,355k. The main reason for the variance is due to capitalisation issues and the availability of projects for staff time to be recharged to capital (£818k), pressure within Public Realm (£240k), overspends at the Leisure Centre (£381k) due to plant failures at the Leisure centre swimming pool, irrecoverable VAT and disputed venue hire income bookings inherited from the previous contract, and reduced LOPs income following six month delay from Central Government (£110k). 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 (£1,023k). 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. The transfer of the management of the leisure service to a new provider GLL has identified and resolved some issues that were inherited.

Summary

	Revised Budget	Outturn	Variance		
			Quarter 4		2010/11
			Var. £'000	% (1dp)	£'000
	£'000	£'000			
Community & Culture	8,704	9,218	514	5.9%	-308
Environment	37,575	39,136	1,561	4.2%	239
Directorate Management	975	781	-194	-19.9%	-245
Total	47,254	49,135	1,881	4.0%	-314
c/fwd request for TPIF-CSPAN			30		
C/fwd request free swim grant			54		
Total			1,965		

Community and Culture

The reported out turn variance is mainly due to the under recovery of income from the Leisure Contract see below

- Community Development is £142k overspent which is a movement of £125k on period 11 mainly due £179k redundancy provision offset by reduced spend on the Diamond Jubilee (£24k).
- Cultural Services is forecasting a £396k overspend, largely as a result of overspends at the leisure centre (£381k) which relates to utilities pressures for Leisure Centre Swimming Pool caused by plant failures (£100k), disputed venue hire income (£129k) inherited from the previous contractor and irrecoverable VAT (£144k).

- Libraries and Museum is £24k underspent against budget, a movement of £78k on period 11 and relates largely to lower than anticipated income.

Environment

- i) **Community Safety** is reporting a variance of £226k. The main variances are due to:

- Parking Revenue Account is £505k lower income recovery than budgeted resulting from decline income from parking enforcement, resulting from general increase in compliance. This is consistent with the general London wide trend.
- This is has been offset by managing costs across the service and also seeking new sources of incomes (£728k). New income streams included licencing income from Housing of Multiple Occupation (HMO), Profit share from Proceeds of Crime Act within Trading Standards and vacancy management across the service.

- ii) **Property & Infrastructure** is forecasting a £1,553k overspend

The outturn for Property & Infrastructure is £1,553k variance against budget and includes £1,147k redundancy provision. The variance is mainly due to lack of capital recharges (£818k) as a result of de-capitalisation and uncertainty over the level of service required from the Major Works team.

In addition, there was an under recovery in income due to the late implementation of the new London Permit Scheme (£110k); and the Directorate's contribution of costs for the re-tender of planned and reactive maintenance services (£58k). Housing's contribution towards this re-tender is £138k.

In order to minimise risk and reduce the overspend, Management have contained costs across the service (£580k) including reviewing staffing levels within Property Services and deferring works to the next financial year.

- iii) **Public Realm Service** is reporting a £234k overspend.

Public Realm Services variance is primarily due £234k due to the increase in pay as you throw (PAYT) charges due to the higher than budgeted waste tonnages.

The pressure on income have been contained by managing costs, the main area are:

- Trade Waste - £585k 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 variance of £585k 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 - £109k 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 - £231k – 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. For the longer term working with the service, MTFS growth and budget realignments have been worked out to help mitigate the above pressures.

b) Directorate Management

Directorate Management is £194k under spend is due to managing expenditure to mitigate the overall overspend within the directorate.

Place Shaping – Outturn - 2011/12

The 2011/12 outturn position indicates that the service shows an outturn of £136k, and £444k with the inclusion of the redundancy provision of £580k offset by costs (£80k) to fence off buildings in disrepair and weather proof other Grade II listed structures at Pinner Park Farm which did not materialise. The outturn includes a budget virement of £275k budget to earmarked reserves relating to the Planning Development Grant. Carry forwards have been requested, which if approved will show a revised outturn of £524k.

The outturn 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 £75k in respect of the St Georges' Field appeal.

	Revised Budget £'000	Outturn Actual £'000	Variance		
			Quarter 4		2010-11
			Variance £'000	% (1dp)	£'000
Business Management	1,611	1,660	49	3%	1,170
Planning Services	2,198	2,418	220	10%	2,749
Economic Development Research & Enterprise	837	859	22	3%	1,026
Major Development Projects	328	690	362	110%	175
Corporate Estate	-346	-555	-209	60%	-587
Total	4,628	5,072	444	9.6%	4,533
Carry Forward Requests					
Pinner Park Farm			80		
Total			524		

- **Business Management:**

The 2011-12 outturn is £49k variance due to the redundancy provision (£74k) offset by salary savings following the temporary secondment of an employee to Business Support, and a reduction on consumable costs.

- **Planning Services:**

In total the outturn position for Planning Services is under recovered by £220k primarily due to Building Control income pressure of £347k (of which the Division has absorbed £189k) caused by the adverse economic conditions and a redundancy provision of £61k. This has been offset in year by additional one off income from planning applications (including £75k from Kodak) to give an above target income of £22k. The division has undergone budget realignment for 2012/13 to address the pressures on achieving build control income targets in future years.

- **Economic Development Research & Enterprise:**

The outturn at period 12 is £22k variance against budget and includes £31k redundancy provision.

- **Major Development Projects:**

Major Development Projects has an overspend of £362k due to redundancy provisions (£269k), salary costs (£47k) and a reduction in income from capital re-charges (£48k) due to several capital projects which will no longer go ahead. There is also a small underspend (£2k) on other costs.

- **Corporate Estate:**

Corporate Estate's outturn is £209k and takes into account redundancy provisions of £145k. The under spend against budget due in the main to savings in security costs, rates and an increase in rental income. The under spend also includes a compensation payment from Persimmon Homes in respect of Lower Road.

Transformation and Priority Initiatives Fund

- 1) The remaining balance on the TPIF is £1.405m reported to the Cabinet at its meeting of 9 February 2012 in the Revenue and Capital monitoring for Quarter 3. The approved bids are shown below..

No.	Directorate	Description	£'000	Status
1	Place-Shaping	Redundancy costs brought forward to secure greater savings	47.4	Repayable
2	Chief Executive	Costs of modernising terms and conditions of Harrow pay	88.0	Repayable
Subtotal			135.4	Repayable
3	Adults	Additional capacity for annual and financial reviews	200.0	
4.	CEX	Let's talk III	27.5	
5.	CEX	Web Development	54.5	
6	Finance	Development of Policy on SLA charging and trading	30.0	
7	Place Shaping	Outer London Fund	25.0	
8.	C&E Public Realm	Pride in Harrow – Caring for the Borough, Behaviour Change	40.0	Request for carry forward
9.	C&E Community & Culture	Community Sports and Physical Activity Network funding	30.0	
10.	Adults	Mental Health Personalisation – secondment from voluntary sector	40.0	
Sub -total			447.0	Not Repayable
Overall total bids Transformation			582.4	
			Fund Available	966.0
			Remaining	383.6
11.	CEX	CCAD Severance	126.0	
12.	CS	A&I Severance	400.0	
Subtotal Invest to Save/severance			526.0	
			Fund Available	1,563
			Remaining	1,037
Total overall T&PIF Remaining			1,420.6	Quarter 3
Drawdown in Quarter 4 in relation to redundancy costs in Community and Environment			130.0	Quarter 4
Subtotal Invest to Save/severance			907.0	
Total overall T&PIF Remaining			1,290.6	Quarter 4
Recommended carry forward balance of £383.6k plus £800k (of the £907k)			1.183.6	
Difference surrendered to support carry forward requests			107.0	

There is a further call of £0.130m on the invest to save / severance part of the fund in quarter 4. This reduces the remaining part of the invest to save/severance to £0.907m. The Transformation part of the fund is £0.384m as £0.016m has been returned since quarter 3.. The total remaining at quarter 4 is £1.290.6m. The total to be carried forward is the £0.384m and £0.800m, resulting in a TPIF of £1.184m.

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Q4 - Virements	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	Variance Analysis - (Underspend) / overspend due to project completion with (lower)/higher project costs	Variance Analysis - Underspend due to project cancellation or part delivery	Variance Analysis - Underspend due to project deferment (excluding any c/f)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund										
Chief Executive's Directorate	25,599	(1,000)	4	24,602	7,154	(17,448)	(4,306)	(7,743)	(1,672)	(3,743)
Adults and Housing GF	5,465	315	0	5,780	3,699	(2,081)	(1,708)	(5)	(388)	0
Place Shaping	4,913	460	(50)	5,323	1,989	(3,333)	(432)	(189)	(2,725)	0
Children's Services	14,382	153	0	14,535	5,748	(8,787)	(8,545)	(578)	0	0
Community and Environment	13,306	(6)	46	13,346	10,636	(2,710)	(2,043)	(591)	(125)	0
Amounts to be found for £1m DFG programme increase & roundings	(999)	1,000		1		(1)		(1)		
Total GF Programme	62,665	921	0	63,586	29,226	(34,360)	(17,034)	(9,106)	(4,911)	(3,743)
HRA	11,194	0	0	11,194	6,094	(5,100)	(1,686)	(1,981)	(1,434)	0
Total Capital Programme	73,859	921	0	74,780	35,320	(39,461)	(18,720)	(11,087)	(6,345)	(3,743)

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	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
Chief Executive's Directorate									
BTP - New Projects - Streets	1,052	0	1,073	907	(166)	0	(166)	0	907
BTP - New Projects - Libraries	1,297	0	1,318	1,197	(120)	0	(120)	0	1,199
BTP - New Projects - Corporate Services	251	0	333	299	(33)	0	(33)	0	299
BTP - New Projects - CCAD	2,449	0	2,063	1,594	(470)	(254)	(216)	0	2,336
BTP - New Projects - Business Support	1,448	0	1,469	1,034	(434)	(341)	(93)	0	1,376
BTP - New Projects - Mobile & Flex	3,743	0	3,743	0	(3,743)	0	0	0	0
BTP - New Projects - HARP 1 Refresh project	85	0	85	0	(85)	(85)	0	0	0
BTP - New Projects - HARP 1 set up	24	0	24	22	(2)	0	(2)	0	22
BTP - New Projects - HR L&D	27	0	27	21	(5)	0	(5)	0	21
BTP - Outline Business Cases	157	0	157	148	(8)	0	(8)	0	148
BTP - New Projects - New business cases	5,230	(583)	4,672	78	(4,594)	(364)	(4,230)	0	78
BTP - New Projects - Projects to be defined	3,000	(417)	2,483	0	(2,483)	(811)	0	(1,672)	0
BTP - New Projects	0	0	0	5	5	0	5	0	5
LBH Anywhere - ITO Milestone Payments	4,906	0	5,124	1,469	(3,655)	(1,195)	(2,460)	0	4,522
LBH Anywhere	8	0	8	8	(0)	0	(0)	0	8
ICT - Milestones	413	0	413	0	(413)	0	(413)	0	0
ICT - Infrastructure	0	0	0	0	0	0	0	0	0
LAA Performance Reward Grant	748	0	752	90	(663)	(653)	0	0	539
BTP - New Projects - Finance Systems Developments aris	250	0	250	0	(250)	(250)	0	0	0
SAP Minor Developments	219	0	219	99	(120)	(120)	0	0	119
Small Projects	291	0	291	159	(132)	(132)	(0)	0	194
My Harrow Services Account	0	0	100	0	(100)	(100)	0	0	100
Total	25,599	(1,000)	24,602	7,128	(17,474)	(4,306)	(7,743)	(1,672)	11,872
Adults									
Bentley Reablement centre	150	0	150	0	(150)	(150)	0	0	0
Millmans (Neighbourhood Resource Centre)	350	(0)	350	0	(350)	(347)	(3)	0	0
Residential Provision works	600	0	600	360	(240)	(86)	(154)	0	394
Social Care Sites	150	0	150	39	(111)	(47)	(2)	(62)	48
Supported Housing (HIV)	1,448	0	1,262	710	(552)	(551)	(1)	0	710
Stabilisation and development of Framework-i	56	0	241	242	1	0	1	0	242
Housing GF									
Affordable Warmth	0	0	0	0	0	0	0	0	0
Disabled Facilities Grants (owner occupiers)	2,245	72	2,317	2,031	(286)	(286)	0	0	2,031
Empty Property Grants	297	211	507	188	(319)	(219)	0	(100)	188
Private Sector Rented Housing (Renovation Grants)	115	0	115	42	(73)	0	0	(73)	42
Better Homes Grants	35	32	67	66	(1)	(1)	(0)	0	66
Social Reform Grant	20	0	20	0	(20)	(20)	0	0	12
Total	5,465	315	5,780	3,679	(2,101)	(1,708)	(5)	(388)	3,734

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	Variance Analysis - (Underspend) / overspend due to project completion with (lower)/higher project costs	Variance Analysis - Underspend due to project cancellation or part delivery	
Place Shaping									
Civic Centre site development	500	0	500	96	(404)	0	(129)	(275)	96
Development of a Consolidated, Integrated Civic 1 Building	945	505	1,450	1,263	(187)	(187)	0	0	1,315
Heritage Projects	500	0	450	0	(450)	0	0	(450)	0
Town Centre Infrastructure	400	0	400	150	(250)	(245)	(5)	0	163
Green Grid	200	0	200	145	(55)	0	(55)	0	145
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	(45)	323	323	0	0	0	0	323
Total	4,913	460	5,323	1,976	(3,346)	(432)	(189)	(2,725)	2,042
Childrens Services									
Catering in schools	1,791	0	1,791	1,378	(413)	(290)	(122)	0	1,497
Catering in schools - Park High	950	0	950	24	(926)	(926)	0	0	39
School Amalgamation - Grange	755	0	755	725	(30)	(30)	0	0	745
School Amalgamation - Longfield	745	0	745	638	(107)	(107)	0	0	668
School Amalgamation - Elmgrove	1,300	0	1,300	172	(1,128)	(1,128)	0	0	991
School Amalgamation support	19	0	19	(69)	(88)	0	(88)	0	(54)
Primary Development - Marlborough phase 1	1,900	0	1,900	0	(1,900)	(1,900)	0	0	0
Primary Development - Weald	1,500	0	1,500	4	(1,496)	(1,496)	0	0	9
High School Development	350	0	350	10	(340)	(340)	0	0	12
IT	75	0	75	31	(44)	0	(44)	0	31
Capital Maintenance incl Scheme Developments	665	(62)	603	73	(529)	(529)	0	0	74
Independent Schools Works	0	90	90	1	(89)	(89)	0	0	1
Schools Expansion Programme	0	105	105	5	(100)	(100)	0	0	5
Short Breaks for Disabled Children	147	0	147	0	(147)	(147)	0	0	0
Autistic Spectrum Disorder provision in schools	0	0	0	(9)	(9)	0	(9)	0	200
Year 7 - Education Modernisation Improvements	65	0	65	(7)	(72)	0	(72)	0	(6)
Primary Capital	253	20	273	(5)	(278)	0	(278)	0	56
Devolved Formula Non VA schools	2,939	0	2,939	1,564	(1,375)	(1,375)	0	0	1,564
Whitmore (High School No.1)	537	0	537	378	(159)	(63)	(96)	0	869
Children's Centre	0	0	0	157	157	0	157	0	168
Targeted Capital	0	0	0	28	28	0	28	0	28
Practical Cooking	84	0	84	64	(20)	0	(20)	0	64
Project fees during defects period	62	0	62	39	(23)	(23)	0	0	39
Relocation of 80-82 Gayton Road	245	0	245	212	(32)	0	(32)	0	235
Total	14,382	153	14,535	5,412	(9,123)	(8,545)	(578)	0	7,236

	Revised Capital Programme - end Q3	Q4 - Additions / Reductions	Revised 2011/12 Capital Programme	Outturn	Variance (before Carry Forward requests)	Variance Analysis - Total Carry Forward Requests	Variance Analysis - (Underspend) / overspend due to project completion with (lower)/higher project costs	Variance Analysis - Underspend due to project cancellation or part delivery	
Community and Environment									
Tree Planting & Parks, etc.	110	0	110	110	(0)	0	(0)	0	110
Corporate Accommodation	250	0	202	186	(16)	0	(16)	0	188
Carbon commitment	119	0	114	19	(95)	0	(0)	(95)	19
Affordable Warmth	150	0	150	45	(105)	(10)	(95)	0	148
High Priority Major Works Corporate Buildings	440	0	440	411	(29)	0	0	(29)	420
Neighbourhood Investment Scheme	310	0	310	189	(121)	(19)	(102)	0	196
Public Realm Infrastructure - Highways Programme	4,340	0	4,340	3,657	(683)	(683)	0	0	3,657
Public Realm Infrastructure - Drainage Programme	350	0	350	296	(54)	(54)	(0)	0	296
Public Realm Infrastructure - Lighting Programme	974	0	1,064	363	(702)	(702)	0	0	368
Public Realm Infrastructure - Traffic & Parking	355	0	355	348	(7)	0	(6)	(1)	348
Public Realm Infrastructure	78	0	74	71	(2)	0	(2)	0	71
Recycling Schemes	431	(46)	390	390	(0)	0	(0)	0	390
School Landlord Works	750	0	648	292	(356)	0	(356)	0	292
Transport for London Schemes	4,011	(249)	3,762	3,745	(17)	(17)	(0)	0	3,764
s106 Schemes	50	289	339	163	(176)	(176)	0	0	163
Leisure Centre and other sites	167	0	167	83	(83)	(83)	0	0	84
Harrow Arts Centre Refurbishment	25	0	99	98	(1)	0	(1)	0	98
Headstone Manor Refurbishment	250	0	300	0	(300)	(300)	0	0	0
Hatch End Pool Modernisation	0	0	0	0	0	0	0	0	0
Hatch End Site Modernisation	146	0	132	119	(13)	0	(13)	0	119
Total	13,306	(6)	13,346	10,587	(2,759)	(2,043)	(591)	(125)	10,732
Housing Revenue Account									
Extensions Grant	302	0	302	125	(177)	(186)	9	0	142
Aids and Adaptations	1,100	0	1,100	641	(459)	0	(359)	(100)	744
Housing Programme	9,793	0	9,793	5,328	(4,465)	(1,500)	(1,631)	(1,334)	8,262
Total	11,194	0	11,194	6,094	(5,100)	(1,686)	(1,981)	(1,434)	9,148

Table 2 – Additions/(Reductions)

Project/Scheme	£m
General Fund Projects :	
BTP - New Projects - New business cases	(1.000)
Disabled Facilities Grants (owner occupiers)	0.072
Empty Property Grants	0.211
Better Homes Grants	0.032
Development of a Consolidated, Integrated Civic 1 Building	0.505
Outer London Fund	(0.045)
Capital Maintenance incl Scheme Developments	(0.062)
Independent Schools Works	0.090
Schools Expansion Programme	0.105
Primary Capital	0.020
Recycling Schemes	(0.046)
Transport for London Schemes	(0.249)
s106 Schemes	0.289
Programme adjustment	1.000
Roundings	-
General Fund Total	<u>0.921</u>

Table 3 - Virements

Project/Scheme	£m
General Fund Projects :	
BTP - New Projects - Streets	0.021
BTP - New Projects - Libraries	0.021
BTP - New Projects - Corporate Services	0.082
BTP - New Projects - CCAD	(0.386)
BTP - New Projects - Business Support	0.021
BTP - New Projects - New business cases	0.025
BTP - New Projects - Projects to be defined	(0.100)
LBH Anywhere - ITO Milestone Payments	0.218
LAA Performance Reward Grant	0.004
My Harrow Services Account	0.100
Supported Housing (HM)	(0.185)
Stabilisation and development of Framework-i	0.185
Heritage Projects	(0.050)
Corporate Accommodation	(0.048)
Carbon commitment	(0.005)
Public Realm Infrastructure - Lighting Programme	0.090
Public Realm Infrastructure	(0.004)
Recycling Schemes	0.005
School Landlord Works	(0.102)
Harrow Arts Centre Refurbishment	0.074
Headstone Manor Refurbishment	0.050
Hatch End Site Modernisation	(0.014)
General Fund Total	<u>(0.000)</u>

Table 4 - Carry Forward Requests

Project/Scheme	£m
General Fund Projects :	
LBH Anywhere - ITO Milestone Payments	1.195
LAA Performance Reward Grant	0.653
BTP - New Projects - Finance Systems Developments arising from Cap	0.250
SAP Minor Developments	0.120
Small Projects	0.132
BTP - New Projects - CCAD	0.254
BTP - New Projects - Business Support	0.341
BTP - New Projects - HARP 1 Refresh project	0.085
BTP - New Projects - New business cases	0.364
BTP - New Projects - Projects to be defined	0.811
My Harrow Services Account	0.100
Bentley Reablement centre	0.150
Millmans (Neighbourhood Resource Centre)	0.347
Residential Provision works	0.086
Social Care Sites	0.047
Supported Housing (HM)	0.551
Disabled Facilities Grants (owner occupiers)	0.286
Empty Property Grants	0.219
Better Homes Grants	0.001
Social Reform Grant	0.020
Development of a Consolidated, Integrated Civic 1 Building	0.187
Town Centre Infrastructure	0.245
Catering in schools	0.266
Catering in schools	0.024
Catering in schools - Park High	0.926
School Amalgamation - Grange	0.030
School Amalgamation - Longfield	0.107
School Amalgamation - Elmgrove	1.128
Primary Development - Marlborough phase 1	1.900
Primary Development - Weald	1.496
High School Development	0.340
Capital Maintenance incl Scheme Developments	0.529
Independent Schools Works	0.089
Schools Expansion Programme	0.100
Short Breaks for Disabled Children	0.147
Devolved Formula Non VA schools	1.375
Whitmore (High School No.1)	0.063
Project fees during defects period	0.023
Affordable Warmth	0.010
Public Realm Infrastructure - Highways Programme	0.683
Public Realm Infrastructure - Drainage Programme	0.054
Public Realm Infrastructure - Lighting Programme	0.702
Transport for London Schemes	0.017
s106 Schemes	0.176
Headstone Manor Refurbishment	0.300
Neighbourhood Investment Scheme	0.019
Leisure Centre and other sites	0.083
Roundings	0.003
General Fund Total	<hr/> 17.034
HRA Projects :	
Extensions Grant	0.186
Housing Programme	1.500
HRA Total	<hr/> 1.686
TOTAL CARRY FORWARD REQUEST	<hr/> <hr/> 18.720

Housing Revenue Account (HRA)

Description	Outturn variation 2010-11	Revised Budget 2011-12 £000	Outturn 2011-12 £000	Variation £000
Operating expenditure :				
Employee Costs	(134)	1,988	1,994	5
Supplies & Services	35	603	559	(45)
Utility cost (Water, Gas, Electricity)	(320)	679	580	(99)
Estate & Sheltered Services	250	2,227	2,218	(9)
Central Recharges	52	3,028	2,969	(59)
Total Operating Expenditure	(117)	8,526	8,319	(207)
Repairs expenditure :				
Repairs - Voids	156	619	821	201
Repairs - Responsive	149	2,611	3,175	564
Repairs - Other	(489)	2,492	1,837	(655)
Total Repairs expenditure	(184)	5,722	5,833	110
Other expenditure:				
Contingency - general	140	174	61	(114)
Charges for Capital	(556)	8,899	8,431	(468)
RCCO	(500)	0	0	0
Bad or Doubtful Debts	(102)	200	65	(135)
HRA Subsidy	404	6,988	7,258	269
Total Other expenditure	(614)	16,262	15,815	(447)
Total Expenditure	(915)	30,510	29,967	(544)
Income				
Rent Income – Dwellings	224	(24,501)	(24,553)	(52)
Rent Income – Non Dwellings	47	(754)	(756)	(1)
Service Charges - Tenants	(16)	(649)	(628)	21
Service Charges - Leaseholders	275	(487)	(368)	119
Facility Charges (Water & Gas)	9	(507)	(503)	4
Interest	0	(6)	7	13
Other Income	(145)	(183)	(98)	85
Transfer from General Fund	(1)	(163)	(163)	(0)
Total Income	393	(27,251)	(27,063)	188
Statutory adjustments	0	(1,916)	(1,916)	(0)
In Year Deficit / (Surplus)	(522)	1,343	988	(355)
BALANCE brought forward		(3,779)	(3,779)	
BALANCE carried forward		(2,436)	(2,791)	

Revenue Carry Forward Requests

	Grants or income unapplied	Planned under spend	Budget pressure/	Total	Rationale
			adjustment		
	£000	£000	£000	£000	
Housing Sub Total	55			55	Relates to early receipt of the Preventing Repossession Fund
Resources					
Customer Services		200		200	BTP – CCAD. Project related training activities not yet taken place
Customer Services		143		143	BTP Business support. Project related costs outstanding inc £72k re training and £71k re various project related activities
HRD		18	50	68	Terms and conditions project delayed so under spent by £18k in 2011-12. Further £50k required to take the project to completion.
HRD			50	50	L&D for MDP programme
HRD			16	16	CSB Development Programme
HRD			31	31	Cashiers – increased cost of ICON system that was not budgeted.
Performance			14	14	Disabled Go forward payment for two years to support the Council's equalities policy.
Performance			50	50	2012-13 Allocation of Safer Stronger Communities Grant lower than budgeted in 2012-13. This was included in the MTFS as a technical change in 2012-13.
Legal		106		106	Borough Elections - budgeted on an annual basis but spent every third year
Finance					
Collections and Benefits	83			83	HB Transitional reform monies re 12-13 (ring-fenced grant but not reclaimable)
Finance and Resources Sub Total	83	467	211	761	
Cross Council/ Corporate					
Corporate	139			139	New Homes Bonus Scheme – first instalment of 2012-13 allocation received in march but budgeted 2012-13. Non ring fenced so accounted for in 2011-12.
Corporate			300	300	Provision for the additional costs of the CIPFA Review recommendations
Corporate			205	205	Balance of £2m 2011-12 corporate procurement target not extracted from base budgets.
Corporate			131	131	Shortfall on budgeted saving for Business support.
Public Health			114	114	In order to carry out new responsibilities for Public Health, there is a requirement for the following: project officer; IT feasibility study; HR support and advice; WLA procurement contribution; Hub development.
Cross Council / Corporate Sub -total	139	0	750	889	

Children's					
		265		265	LGFL Amount required to fund contractual liabilities caused by the delay to switch LGFL to new provider. Rather than send money back to school need to carry forward and use to fund future liabilities
		151		151	SNT III Project Costs (project manager/ 96 days of HR support)
			70	70	YJB - Shortfall in 12/13 YJB grant
			50	50	Summer Youth Projects
		63		63	ICT works in Children's Centre - needed for Business support and Children's Centre new operating model. Due to happen in 2011/12 however Capita unable to complete. Period 11 assumed spend in 11/12. Spend in 12/13 but budget given up to meet the 12/13 £800
			55	55	Kids Can Achieve - due to significant safeguarding concerns services are being recommissioned. This has resulted in some dual costs for first 6 months
			20	20	Telephony Cost including introducing call centre 'Hunt' system to Social Care phones & set up costs of relocated CAMHS
			21	21	2 Weekend Overtime - preparation for Ofsted on 8 May
			22	22	Interim support May – July to review implications of changes to Formula Funding Grant for Schools, and liaise with Schools Forum
Childrens Services Sub Total	0	479	238	717	
Community Environment					
	54			54	Unringfenced grant for swimming received in year
		30		30	Community Sports and Physical Activity Programme Network Funding granted from the Transformation Initiatives Fund in 11/12 – held back.
C&E subtotal	54	30	0	84	
Place shaping					
			80	80	Pinner Park Farm to fence off buildings in disrepair and weather proof other Grade II listed structures
Place Shaping Sub Total	0	80	0	80	
Service Sub Total	331	1,056	1,199	2,586	
TPIF				110	
Sub total Carry Forward Requests				2,696	
Borough Elections				106	

Total Carry Forward Requests				2,802	See paragraph 28 of the report
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Technical Adjustments

Appendix 6

The Council produces its accounts in accordance with the CIPFA /LASAAC Code of Practice which incorporates IFRS. This requires a number of technical adjustments for items that have to be included in the figures on an accounting basis but excluded from the accounts on a funding basis as these costs do not impact on the final position of the Council in terms of changing reserves and balances.

The technical adjustments that will be made to directorate outturn figures are summarised in the following table:

Item	Adjustment between accounting and funding basis
	£000
Accumulated Absence	-1,760
IAS19 Pension Costs	-10,413
PFI Schemes	-2,157
Leased Equipment	-295
Impairment	121,576
Depreciation	-1,741
Rev Exp Financed by Capital Under Statute	1,293
Other Adjustments	61
Total Corporate Items	106,564

The effect of these adjustments on net Directorate expenditure is as follows:

Directorate	Reported Outturn for Services	Adjustment between accounting and funding basis	Final Total to Agree to Financial System
	£000	£000	£000
Assistant Chief Executive	14,301	-814	13,487
Legal and Governance	3,672	-38	3,634
Corporate Finance	9,619	-9,786	-167
Sub total Corporate	27,592	-10,638	16,954
Adults & Housing	65,690	1,418	67,108
Community and Environment	49,135	2,089	51,224
Children's	38,969	114,383	153,352
Place Shaping	5,072	-688	4,384
Sub Total Directorate	186,458	106,564	293,022

A full reconciliation between Directorate outturn including these technical adjustments and the final published Comprehensive Income and Expenditure Statement will be included in the 2011-12 Statement of Accounts.