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| Report for: | Overview & Scrutiny Committee 23 July 2012 | Item number | |
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| Title: | Budget Management |
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| Report authorised by : |  Kevin Bartle – Interim Chief Financial Officer |
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| Lead Officer: | Kevin Bartle – Interim Chief Financial Officer |
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| Ward(s) affected: | Report for Non Key Decision: |
|--------------------------|-------------------------------------|

1. **Describe the issue under consideration**
 - 1.1 For the Overview and Scrutiny Committee to consider the Council's Financial Outturn 2011-12 as reported to Cabinet on 12th June 2012.
2. **Cabinet Member Introduction**
 - 2.1 N/A
3. **Recommendations**
 - 3.1 To note the Financial Outturn 2011-12 report (attached) that was submitted and approved by Cabinet on 12 June 2012.
4. **Other options considered**
 - 4.1 N/A
5. **Background information**
 - 5.1 Financial Outturn 2011-12 report to Cabinet on 12th June 2012.



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6. Comments of the Chief Financial Officer and Financial Implications

Comments are included in the Cabinet report attached.

7. Head of Legal Services and Legal Implications

Comments are included in the Cabinet report attached.

8. Equalities and Community Cohesion Comments

Comments are included in the Cabinet report attached.

9. Head of Procurement Comments

N/A

10. Policy Implications

Comments are included in the Cabinet report attached.

11. Use of Appendices

Financial Outturn 2011-12 report to Cabinet 12th June 2012.

12. Local Government (Access to Information) Act 1985

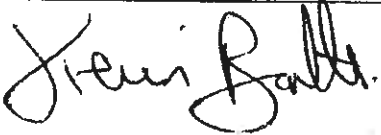
N/A



Haringey Council

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| Report for: | Cabinet | Item Number: | |
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| Title: | Financial Outturn 2011/12 |
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| Report Authorised by: |  Kevin Bartle – Interim Chief Financial Officer |
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| Lead Officer: | Barry Scarr – Interim Head of Corporate Finance |
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| Ward(s) affected: All | Report for Key decisions |
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1. Describe the issue under consideration
 - 1.1 To set out the provisional revenue and capital outturn for 2011/12, to consider revenue and capital carry forward requests, and to approve 2012/13 virement proposals.
2. Introduction by Cabinet Member for Finance and Carbon Reduction – Councillor Joe Goldberg
 - 2.1 2011/12 was the first year of the Coalition's comprehensive spending review, and Haringey was hit hard by the Government's tactic of front-loading reductions to Local Government Finance. The Medium Term Financial Plan identified a need to cut £84m from budgets, and eye watering cuts of £41m were required in 2011/12, nearly 50% of the total.
 - 2.2 The risks associated with the 2011/12 budget were immense. The Council had to demonstrate that it could deliver savings and transformation on a massive scale, and if the savings were not achieved, the knock on effect for next year's budget and service delivery would have been catastrophic.
 - 2.3 I am pleased to report that the Council has risen to this significant challenge and has managed the budget to a surplus on General Fund net expenditure of £3.7m while at



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the same time protecting priority areas from the worst impact of the Coalition policy. Staff and Members are to be commended for all of their hard work in delivering this achievement. The prudent and sensible decisions that have led to this underspend have demonstrated that the Council leadership can be trusted to deliver financial stability.

- 2.4 I reiterate that we remain absolutely opposed to the size, speed and scale of central government cuts to our budget, not just because of the damage they inflict on much valued, loved and needed services, but because of the damage they are doing to the economic recovery within the Borough and beyond.
- 2.5 The achievement of a balanced budget represents prudent management of our resources, giving us freedoms to make choices for the people of Haringey in future years, and to prevent frontline services from deeper cuts than are necessary. The creation of the One Borough One Future (OBOF) fund, designed to deliver on top priorities, exemplifies this approach. We resolve to drive our borough forwards despite being starved of a fair level of resources to do so.
- 2.6 I said last year that the achievement of a balanced position in 2010/11 should give confidence to residents, colleagues on both sides of the Chamber, and staff that the Council has the strength to steward and navigate the impacts of the Coalition's ideological agenda. Having delivered a much more savage package of government induced reductions in 2011/12 and still achieving a surplus position should further boost that confidence.
- 2.7 The capital outturn shows slippage in line with what had been reported at Period 11 with a final under spend of £13.6m equating to 13.8% of the approved programme. The explanations for the variances are set out in Appendix 2
- 2.8 The HRA is showing a surplus for the year of £3.7m which is an improvement on the projected position in Period 11 due to lower than anticipated capital financing and insurance recharges.
- 2.9 The Council's draft Statement of Accounts for 2011/12 is currently being finalised. This draft will be subject to audit which is due to be completed in early September. The final audited accounts will then be submitted to Corporate Committee in late September for approval.
- 2.10 I commend this report to the Cabinet for approval.

3. Recommendations

- 3.1 Cabinet is recommended to:
- 3.2 note the provisional general fund revenue outturn of a £3.7m surplus for 2011/12;
- 3.3 note the reasons for variations and to approve the planned transfers to reserves (£8.8m) detailed in Appendix 1 and section 7;
- 3.4 approve the transfer of an additional £300k to the One Borough One Future Fund as set out in section 7;
- 3.5 approve revenue carry forward requests of £3.5m set out in Appendix 1 to be held



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centrally and subsequently released into the 2012/13 budget when the need identified in the request is reviewed and approved by the Chief Financial Officer in consultation with the Cabinet Member for Finance and Carbon Reduction;

- 3.6 note the provisional Housing Revenue Account (HRA) outturn surplus of £3.7m and the reasons for variances set out in Appendix 3;
- 3.7 note the provisional capital outturn of a £13.6m programme net underspend and the reasons for variations set out in Appendix 2;
- 3.8 approve capital carry forward requests of £8.99m set out in Appendix 4
- 3.9 note the outturn of a £2.475m underspend for schools that increases schools' balances to £5.1m at the end of 2011/12;
- 3.10 note that the Council's draft Statement of Accounts for 2011/12 will be approved by the Chief Financial Officer by 30 June 2012. The accounts are subject to audit and the final audited accounts will be presented to the Corporate Committee on 27 September 2012 for final approval; and,
- 3.11 approve the budget virement requests for 2012/13 set out in Appendix 5.

4. Other options considered

- 4.1 The reporting of the Council's outturn and management of financial resources is a key part of the role of the Chief Financial Officer (Section 151 Officer) and there are no other options available.

5. Background information

- 5.1 This report sets out the provisional financial outturn position for the General Fund, Housing Revenue Account, Dedicated Schools Budget, Collection Fund and the Capital Programme. The Statement of Accounts will be prepared in accordance with the Accounts and Audit Regulations 2011 and the draft accounts (which will be subject to audit) will be approved by the Chief Financial Officer before 30 June.
- 5.2 The external audit of the accounts will commence in July. The auditors will submit a report on the findings, and issue their formal opinion, at Corporate Committee on 27 September 2012.
- 5.3 The report also includes a request to approve a number of virements above £100,000 for the 2012/13 budget in line with financial procedure rules.

6. Outturn – Revenue General Fund

- 6.1 The general fund revenue outturn is summarised in the following table. There is a net general fund surplus of £3.7m after carry forwards and planned transfers to reserves: the variance represents 1.3% of the net approved budget. The variances are explained in more detail in Appendix 1. This figure in total is broadly in line with the Period 11 outturn projection.



Table showing the general fund revenue outturn summary

| Directorate | Approved revenue budget | Variance from budget after transfers and carry forwards |
|---|-------------------------|---|
| | £'000 | £'000 |
| Children and Young People's Services | 87,758 | (65) |
| Adults and Housing Services (excluding HRA) | 98,966 | (2,029) |
| Corporate Resources | 11,850 | (43) |
| Place and Sustainability | 54,491 | (206) |
| Chief Executive | 969 | (219) |
| Public Health | 932 | 24 |
| Non-Service Revenue | 31,203 | (1,200) |
| Total – General Fund | 286,169 | (3,738) |
| Children and Young People - Non-Schools DSG | 0 | (610) |
| Children and Young People - Schools DSG | 0 | (2,475) |

- 6.2 The main budget variances throughout 2011/12 have been underspends in Adults and Housing Services and Non Service Revenue. The underspend in Adults and Housing Services has mainly been driven by the early achievement of savings. The full year effect of these savings in 2012/13 has already been accounted for in the Council's MTFP and the service will be reviewing cost pressures to ensure that the levels of demand and thus associated spend next year is contained within the approved budget.
- 6.3 The Non-Service Revenue budget consists of four main elements, Treasury (interest earnings and debt financing costs), contingencies and provisions, the Council's contribution to Alexandra Palace and Park, and payments to levying bodies (e.g. Lee Valley, North London Waste Authority and London Pensions Fund Authority). The underspend on NSR is mainly attributable to:
- Savings in debt management costs in relation to the repayment of Housing Revenue Account debt as a result of HRA self financing. The Council is one of a small number of Local Authorities that underwent repayment of debt as a result of recent changes to the financing of the Housing Revenue Account, and the loan portfolio was optimised in order to receive maximum benefit from this opportunity and savings were made as a result.
 - Contingencies were not drawn upon during the year to the extent that was previously envisaged. Contingencies are established in order to provide a financial buffer against events that cannot be foreseen, and given the significant change that the Council underwent during 2011/12, the contingency budget was understandably high. The transformation and savings programme was managed successfully, and contingencies were not required to cover any shortfalls. The level of contingencies will be reviewed



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as part of the on-going MTFP process.

- The provisional outturn for the Alexandra Park and Palace Trust shows a deficit of £1.7m, compared to a budgeted deficit of £2.1m.

7. Transfers to Reserves

- 7.1 Transfers to reserves are made at the end of each financial year in line with the approved financial strategy.
- 7.2 The tables in Appendix 1 show the planned transfers to reserves of £8.2m that will be made as part of the accounts closure process. These include transfers to meet known future liabilities and are in accordance with previous reports to Members.
- 7.3 The Council established a transition reserve in order to provide financial resilience when implementing the coalition Government's austerity policy. The reserve has been used to meet redundancy costs relating to planned savings, and the MTFP identified the need to replenish the reserve over the medium term. It is therefore proposed that £2.5m is transferred into this reserve as part of the final accounts closure process. Movements in this reserve are analysed below:

| | £000 |
|---------------------------------------|----------|
| Balance Brought Forward 1 April 2011 | 29,096 |
| Less: Transition Costs | (15,935) |
| Add: 2010/11 Capitalisation Approval | 780 |
| 2011/12 Capitalisation Approval | 4,277 |
| Contribution to Reserve 2011/12 | 2,500 |
| Balance Carried Forward 31 March 2012 | 20,718 |

- 7.4 The Council has established a 'One Borough One Future' fund of £1.2m in order to provide resources for innovative projects designed to deliver the best outcomes for our community in the most efficient way possible. The outturn, specifically the IT service underspend, allows for a £300k top up of this fund so that the scheme can be extended and outcomes maximised.
- 7.5 Each year the Council submits a substantial housing benefits claim which is in the region of £302m. As in previous years, it is proposed that additional estimated £1.3m grant above budget should be added to the reserve taking a prudent approach in the event that there are any issues arising from the subsequent audit of the subsidy claim.
- 7.6 The collection fund has generated a deficit of £4.4m, £3.8m of which will be met by the Council. This is the second year that the fund has been in deficit, and the underlying structural reasons for this are under consideration as part of the 2013/14 MTFP process. Recommendations arising from this review will be presented to Cabinet as part of this process. £3.8m will be transferred, therefore, into an earmarked reserve to meet the Council's share of the deficit for 2011/12.
- 7.7 The general fund underspend of £3.7m, broadly in line with the forecast previously reported to Cabinet, will be transferred to General Fund Reserves.
- 7.8 The table in paragraph 6.1 shows an outturn for schools of a £2.5m underspend



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which will increase school reserves to £5.1m at the end of 2011/12.

7.9 Section 10 below sets out the reasons for a £3.6m increase in HRA reserves.

8. Outturn - Capital

8.1 The final approved capital programme for 2011/12 was £98.6m. The provisional net underspend, including slippage, is £13.6m as set out in the following table (13.75% of the approved budget). The level of underspend and slippage was in line with the prediction at Period 11.

| Directorate | Approved Budget | Outturn | Variance |
|-----------------------------|-----------------|---------------|-----------------|
| | £'000 | £'000 | £'000 |
| Children & Young People | 35,734 | 30,422 | (5,312) |
| Adults and Housing Services | 3,971 | 4,485 | 514 |
| Corporate Resources | 6,725 | 1,780 | (4,945) |
| Place and Sustainability | 17,285 | 14,338 | (2,947) |
| Housing Revenue Account | 34,911 | 34,039 | (872) |
| Total | 98,626 | 85,064 | (13,562) |

8.2 Detailed explanations of the variances are set out in Appendix 2 but substantially relate to a £3.3m underspend on Building Schools for the Future projects, £4.5m slippage on corporate IT and infrastructure programmes, £1m slippage on the accommodation strategy and £900k for re-provision of household waste recycling centre now expected to be undertaken by the North London Waste Authority.

8.3 The Council's agreed capital programme for the period 2011/12 to 2014/15 was partly based on achieving usable capital receipts of £9.8m in 2011/12 (excluding Compulsory Purchase Orders). This total was not achieved.

8.4 The capital receipts reserve for 2011/12 has a balance at the year-end of £0.8m after financing spend on capital receipts funded projects as outlined below:

| | £000 |
|--|---------|
| Opening balance at 1 April 2011 | 4,729 |
| Net Usable receipts generated in 2011/12 | 4,407 |
| Used for financing in 2011/12 | (8,374) |
| Closing balance at 31 March 2012 | 762 |

8.5 A number of projects have slipped and are the subject of carry forward requests as set out in Appendix 4. The Place and Sustainability Directorate carry forward requests marginally exceed the reported underspend/slippage due to a late decision to switch funding from leasing to prudential borrowing regarding sports gym equipment, identified in the capital variances. This decision has saved the Council money, but in presentational terms only, shows the Directorate capital budget



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slightly overspent in 2011/12. However, in total, the carry forward requests of £9m can easily be accommodated within the £13.6m reported variance.

9. Carry Forward Proposals – Revenue and Capital

- 9.1 The Council's financial regulations stipulate that Cabinet will determine any carry forward sums in respect of budget variations at the year-end.
- 9.2 Revenue carry forward proposals totalling £3.507m are shown in Appendix 1. If approved, these items will be held centrally and released into the 2012/13 budget when the need identified in the request is reviewed and approved by the Chief Financial Officer in consultation with the Cabinet Member for Finance and Carbon Reduction.
- 9.3 Capital carry forward proposals are included for consideration amounting to £8.991m and are detailed in Appendix 4.

10. Housing Revenue Account (HRA)

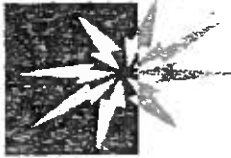
- 10.1 The provisional HRA outturn for the year is a surplus of £3.7m against a target of £0.3m, a variance of £3.4m. The working balance, therefore, is increased to £11.6m as at 31 March 2012, as shown in the following table.

| Item | Revised Budget | Outturn | Variance |
|---|----------------|----------|----------|
| | £'000 | £'000 | £'000 |
| Income | 108,166 | 107,753 | 413 |
| Expenditure | 107,875 | 104,099 | (3,776) |
| Net deficit / (surplus) | (291) | (3,654) | (3,363) |
| Working balance b/fwd 1 April 2011 | | (7,958) | |
| Working balance c/fwd 31 March 2012 | | (11,611) | |
| Planned closing balance as at 31 March 2012 | | (8,248) | |
| Variation in closing balance | | (3,363) | |

- 10.2 The main budget variances relate to interest payments and housing subsidy. A reduction in the interest rate applied to HRA debt resulted in a saving of £3m, although this was offset by a resulting reduction of £1.4m in subsidy. A full list of variations to the HRA budget is shown in Appendix 3.

11. Collection Fund

- 11.1 The provisional outturn on the collection fund is showing a £4.4m deficit relating to Council Tax income for 2011/12. At this stage £3.8m has been transferred to, and earmarked in, reserves for the Council's share of the deficit. The Council is considering the underlying reasons for the deficit, and will be reviewing the target collection rate and provision for bad debts as part of the 2012/13 budget and MTFP process.



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12. Provisions and Contingent Liabilities

12.1 Under accounting requirements the Council is required to consider any areas where it feels there is a potential future liability. Depending on the certainty of this liability and information on the value of the liability, the Council will either raise a provision for this liability or disclose a contingent liability in the notes to the accounts. All areas for provisions and contingent liabilities are in the process of being reviewed. These will be considered in the near future and finalised and reported as part of the Statement of Accounts.

13. 2012/13 budget virements

13.1 The out-turn report is the first report of a financial nature to be presented to Cabinet during the current committee cycle. Financial procedure rules require Cabinet to approve budget virements above £100, 000, and a number have been identified for the current financial year (2012/13). Inclusion in this report presents an opportunity for approval in a timely manner.

13.2 Cabinet are asked to approve the virement requests set out in Appendix 5.

14. Comments of the Chief Financial Officer and financial implications

14.1 As the report is primarily financial in its nature, comments of the Chief Financial Officer are contained throughout the report.

15. Head of Legal Services and legal implications

15.1 The Head of Legal Services has been consulted in the preparation of this report, and makes the following comments:

15.2 The Head of Legal Services notes the report, and confirms that all statutory, and constitutional, requirements are met. Accordingly, there are no immediate legal implications arising from this report.

16. Equalities and Community Cohesion Comments

16.1 Equalities issues are a core part of the Council's financial and business planning process.

17. Head of Procurement Comments

17.1 Not applicable

18. Policy Implication

18.1 The Medium Term Financial Plan represents the resource framework for delivery of Council Policy and objectives. The outturn report identifies whether or not those



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polices and objectives have been delivered within the approved resource envelope.

19. Use of Appendices

- Appendix 1 - Explanation of significant revenue variances, transfers to / from reserves and revenue carry forward proposals
- Appendix 2 - Explanation of significant capital variances.
- Appendix 3 – Explanation of significant Housing Revenue Account variances
- Appendix 4 - Capital carry forward proposals.
- Appendix 5 – 2012/13 virement requests

20. Local Government (Access to Information) Act 1985

20.1 The following background papers were used in the preparation of this report:

- SAP outturn reports
- Final accounts working papers.

20.2 For access to the background papers or any further information please contact Barry Scarr, Interim Head of Corporate Finance, on 0208 489 3743.

APPENDIX 1

| Revenue | | Variation |
|---|---|-------------|
| Outturn 2011/12- explanation of variances from budget | | £000's |
| Children & Young People Services | | |
| 1 | LAC Placements - The total number of children in care has fallen from 583 as at March 2011 to 547 in March 2012. During the first six months of 2011-12 the average monthly number of children in care was 598 and during the last six months of the year it was 571 which was within the budget provision. | 582 |
| 2 | First Response and Safeguarding salary costs - there was an increase in staff costs in the first six months of the year due to the high level of referrals to the service on safeguarding and child protection issues. In the second six months the number of referrals has reduced and staff numbers are now in line with establishment and more permanent staff are in place. | 651 |
| 3 | Leaving Care/Children in Care salary costs - during the first six months of the year additional staff costs were incurred because of the increased number of children in care together with costs associated with agency premia payments. During the last six months the number of children in care reduced and staff numbers reduced to establishment accordingly. There has also been a reduction in the number of agency staff due to successful recruitment campaigns. | 316 |
| 4 | Education and Safeguarding team salaries - 2 posts in this non-front line Child Protection Team were held vacant throughout the financial year to compensate for overspends elsewhere in the business unit. | (102) |
| 5 | Contact costs - (between LAC, their families of origin, and others who have played an important part in their lives) were overspent, mostly because of conditions being imposed through the courts. | 115 |
| 6 | Family Intervention Service - 2 extra key workers were recruited by the service due to an increased number of referrals. The families that the team works with have multiple problems and intensive family support work can lead to improved outcomes and reduce the need for further intervention. | 98 |
| 7 | School Related Premature Retirement costs and redundancies - commitments against this budget were out of the Council's control in 2011/12. The policy is under review to enable these costs to be charged to schools in the medium term. Increasing numbers of schools changing to academy status will also reduce liabilities in the future. | 525 |
| 8 | Special Guardianship and Residence Order Allowances, foster carer expenses - Provision for an additional 20 Special Guardianship Orders was made available and only 14 were progressed. There were savings on other allowances and expenses when payments ceased more than offset those paid to new clients, largely due to new carers not meeting means tested criteria for support. | (245) |
| 9 | Local Safeguarding Children's Board - this is a ring fenced account that brings together each of the main agencies that work with children and families in Haringey, to ensure joint working is effective in keeping children safe - a request to carry forward the underspend and 'Munro' grant funding has been submitted. | (112) |
| 10 | Children's Workforce Development Council Grant maximisation - this is a grant received for the improvement of Social Work practice and was fully spent in 2011/12. | (476) |
| 11 | Special Educational Needs transport saving - salary costs were underspent due to a staff restructure resulting in vacancies, and payments to contractors were also below budget. | (361) |
| 12 | Youth Offending Service salaries - this area has been subject to a restructuring exercise following changes to the previous grant funding regime. As a result there have been a number of unfilled posts held under the recruitment freeze. A carry forward request of £43k has been submitted. | (369) |
| 13 | Prevention and Early Intervention Service salaries - attendance and welfare, education psychology services. Savings mostly due to new structures being put in place and recruitment delays as a result of this. | (335) |
| 14 | Legal - reduction in the need for expert witness payments and disbursements as a result of reduced activity. | (54) |
| 15 | Additional Grant Resources received and applied - receipt of additional grant resources for example Troubled Families and Asylum. | (320) |
| Total - Children & Young People Services - Before Transfers & c/twds | | (87) |
| Transfer to / from reserves: | | |
| 16 | Application of DSG Reserve in accordance with School Forum recommendation | (200) |

APPENDIX 1

| Revenue Outturn 2011/12- explanation of variances from budget | | Variation £000's |
|--|--|---------------------|
| | Proposed Carry Forwards: | |
| 17 | Youth Opportunities Fund – carry forward of £30k requested to be used as match funding for 2012/13 Youth Innovations Fund application of £40k | 30 |
| 18 | Youth Offending Service - underspend of £43k. Carry forward request will be used to keep 2 agency social workers until the end of July to address recommendations from the HMIP Inspection (many as a result of individual caseloads being too high and staff being unable to complete quality work). | 43 |
| 19 | Children's Workforce Development Council - Resources received to support Council's with the implementations from the Munro Review of Child Protection were unspent in 2011-12. Funding was received in Autumn 2011 and the Service is developing a plan to ensure that the resources are deployed in the most effective way. The service is seeking the formal re-provision of the resources into 2012-13 to allow the plan to be funded without recourse to the base 2012-13 budget. | 86 |
| 20 | Local Safeguarding Board - ring fenced account that brings together each of the main agencies that work with children and families in Haringey, to ensure joint working is effective in keeping children safe. Contributions are received from Health, Police, Probation, Tottenham Hotspur and CAF/CASS. Request to carry forward the underspend of £47k which will be used to supplement the Munro spending plan described above. | 47 |
| 21 | Troubled Families – initiative which targets the most vulnerable families living in the Borough for assistance in breaking the cycle of deprivation and need. Request to carry forward unspent income of £15,500 to pay for a dedicated resource to project manage this initiative. | 16 |
| | Total - Children & Young People Services (including transfer to / from reserves & c/fwds) | (85) |
| | DSG | |
| 22 | Children & Young People Services (DSG) - The centrally retained element of the DSG was underspent primarily in respect of the Independent and out borough school SEN placements budget and the SEN Autism and Language Support Teams | (610) |
| 23 | Transfer to / from Dedicated Schools Grant (DSG) reserves - Any under or over spend within the DSG must, in accordance with Regulations, be carried forward between financial years. This transfer therefore reflects the carry forward of the 2011-12 underspend which will be used in support of allowable costs within the Dedicated Schools Budget in future years'. | 610 |
| | Total - Children & Young People Services (General Fund and DSG). | (65) |

APPENDIX 1

| Revenue | | Variation |
|---|---|-----------|
| Outturn 2011/12- explanation of variances from budget | | £000's |
| Adults and Housing Services | | |
| 1 | Personalisation and Assessment Service. Because of the need to deliver HESP; the fact that client numbers in Older People's Services increased by 237 in year part of the agreed and carefully considered management action to contain and mitigate against the pressures was to hold a number of staffing vacancies | (547) |
| 2 | Adaptations Service. Because of the need to deliver HESP; the fact that client numbers in Older People's Services increased by 237 in year part of the agreed and carefully considered management action to contain and mitigate against the pressures was to hold a number of staffing vacancies | (316) |
| 3 | Customer and Support Services. Net settlement of long-standing council tax debts not just in adults services also in children's services paid for from overall year-end adults underspend | 367 |
| 4 | Older People Social Care Commissioning. Significant increases in client numbers - from 1,140 to 1,377. This is in keeping with the national trend in terms of aging population; increased expectations; people living longer and requiring more intensive services when they do become frail and in need of services. The underlying outturn was £877k, however this has been offset by in year management action that has allowed for realising prior year over accruals of £305k | 465 |
| 5 | Physical Disability Care Commissioning. £165k over accrual realised. Proactive management to contain costs and spend: review of high cost packages; value for money commissioning; robust controls in place i.e. senior authorisation on FWi and SAP for all care package expenditure and strict adherence to Fair Access To Care Services (FACS) eligibility threshold. The underlying outturn was £207k overspend, however this has been offset by in year management action that has allowed for realising prior year over accruals of £151k and virement of overachieved income Residential care of £259k | (203) |
| 6 | Mental Health Care Commissioning. Haringey has the second highest incidence of people with diagnosed mental health issues in London. We have a net increase in client numbers (from 213 to 286) including several high cost clients transferred back from NHS/Continuing Health Care (CHC) funding. Carry forward is requested to support this client growth until Commissioning strategy allows costs to be managed down i.e. we are trying to contain costs through robust value for money commissioning; use of the Care Funding Calculator (a tool used across London to try to standardise costs on care provision) and use of supported housing rather than costly residential care and integrated commissioning to contain and manage costs down. | 1,546 |
| 7 | Home Care Service. Early realisation of saving from reconfiguration as Reablement service to assist with the containing and offsetting of care purchasing pressures particularly in older people's and mental health services. Also, in preparation for non-agreement of other required HESP proposals. | (700) |
| 8 | Day Care Reduction in running costs; underspend on staffing vacancies held previously pending closures and restructures. Decision made by Cabinet not to proceed with all proposed day care cuts but these reductions made in preparation for cuts implementation programme and to mitigate against non-approval of other HESP efficiencies. Early achievement of HESP savings relating to Whitehall Street Residential Home closure of £270k primarily offset against withdrawal of Health funding for Alexandra Road Crisis Unit and MH Day Care. | (168) |
| 9 | Residential Care Increased income from Health and Self Funders (£383k) plus some reduction in running costs as client numbers start to reduce | (456) |
| 10 | LD Social Care Commissioning. Very successful programme of moving people back into in borough supported housing provision with lower care costs than expensive out of borough residential care; use of value for money and care funding calculator to review high cost care packages and placements; review high cost placements; robust negotiation of with the NHS regarding transfer of CHC cases; transition costs managed down or deferred into 12-13. Health are reviewing all 100% CHC clients and there is a high risk that many of these will become part funded by the Council. | (661) |
| 11 | Deputy Director's Care Commissioning Contingency. Good, proactive and robust management action (as detailed) to contain care purchasing pressures hence why underlying projected pressure much lower than forecasted; tight spending controls in place as detailed and high cost packages reviewed and reduced as far as possible. Also, robust negotiations with the NHS and the introduction of joint and integrated commissioning. Contingency held against increased risk of clients transferring from NHS responsibility. However, now there is a clearer transfer process in place for NHS cases coming over, there is a significantly increased risk for high cost CHC cases coming over to adult social care. Also, NHS Haringey strongly arguing they have the highest spend on CHC cases than other NCL partners. Offsets MH overspend above and non-achievement of HESP. Holding back a proportion of the Transformation Grant to offset predicted commissioning pressures. | (592) |
| 12 | Management Overheads. Ensuring appropriate overheads to cost centres that we manage. Management overheads for Supported Housing recharged to HRA | (382) |

APPENDIX 1

| Revenue Outturn 2011/12- explanation of variances from budget | | Variation £000's |
|---|--|---------------------|
| 13 | Director of Adults and Housing. Underspends across various central budgets - £80k Directors cost centre+ bad debt, £42k Trade Union recharge, £45k business management, £36k Assets and Buildings. | (203) |
| 14 | Homelessness Savings in Temporary Accommodation procurement costs and the favourable settlement of dilapidation claims with Private Sector Leasing landlords | (2,217) |
| 15 | Community Housing Services. Underspend on salaries as vacancies held during restructure | (917) |
| 16 | Housing Related Support. Overspend as existing contracts were coming to an end and savings packages were being implemented | 308 |
| 17 | Miscellaneous other. | (44) |
| Total: Adults & Housing Services - Before Transfers & c/fwds | | (4,719) |
| Transfer to / from reserves: | | 0 |
| Proposed Carry Forwards: | | 0 |
| 18 | Adult Services - The Adults service has experienced above national growth in the numbers of clients it is supporting. The management team will be continuing their cost control action into 2012/13 to mitigate the existing care purchasing pressures. However, there is significant risk of funding transfers from Health to council funding for clients who no longer meet Continuing Health Care criteria and other changes in the Health economy such as reduced hospital admissions. Adults Services will work to contain this pressure through improved value for money commissioning and other management action. However substantial risk remains which the carry forward would be used to off set while the service works on a long term strategy in partnership with Health. | 1,700 |
| 19 | Community Housing Services - HRS (formerly known as Supporting People) faces a second year of savings against a challenging timescale. Carry forward will cover slippage until contracts are renegotiated and savings can be fully realised. | 600 |
| 20 | Adults Services - The service has introduced a new Commissioning based approach to the Voluntary Sector and made significant savings. This may result in disruption to a number of organisations that have a long relationship with the council and are dependent on its funding. One off Carry forward will be used to ease the transition until these organisations find alternative funding or are able to reduce their costs. | 390 |
| Total - Adults and Housing Services (Including transfer to / from reserves & c/fwds) | | (2,029) |

APPENDIX 1

| Revenue Outturn 2011/12- explanation of variances from budget | | Variation £000's |
|---|--|---------------------|
| Corporate Resources | | |
| 1 | Director - reductions in sundry aged debt across the Directorate have enabled a reduction in the required bad debt provision | (65) |
| 2 | Revs, Bens & Customer Services Management Costs - the underlying cause of this over spend is the higher than planned demand for services particularly around benefits. This has led to notable over spends on salaries and postage costs. These pressures have been mitigated down by an overachievement of income from reimbursement of court costs incurred during recovery activity. | 261 |
| 3 | Revs, Bens & Customer Services Ring fence - the variance is predominately due to a slightly higher subsidy rate of return compared to net benefit payments in the accounts. These figures will be subject to the audit of the 2011/12 grant claim and an adjustment may be required; to this end, the bulk of this surplus will be transferred to reserves as planned, to deal with this possibility. | (1,312) |
| 4 | Corporate Legal Services - the under spend has been caused by the release back to revenue of unused provisions (£300k); un-budgeted one off income in relation to commercial activity and lower than originally forecast demand from Children's services combined with an increase in the use of the in-house advocacy expertise. | (824) |
| 5 | Registrars (Legal) - the variance is due to over achievement of budgeted income which has been forecast through the year. | (133) |
| 6 | Local Land Charges (Legal) - this under spend is due to the release of unused provisions set aside as part of 10/11 closure. | (118) |
| 7 | IT Services - The Business Unit has been forecasting an under spend of £250k since Period 6 due to the early achievement of a 2012/13 saving on telephone call costs and negotiation of a one-off rebate from one of our suppliers. | (274) |
| 8 | Other minor variances | (88) |
| Total - Corporate Resources - Before Transfers & c/fwds | | (2,553) |
| Transfer to / from reserves: | | |
| 9 | Benefits & Customer Services Ring fence - planned transfer of Housing Benefit surplus against possible audit amendments to prior and current year grant claims | 1,300 |
| 10 | One Borough One Future fund - contribution from IT Services underspend. | 300 |
| 11 | Legal - planned transfers to service reserve to provide funding for significant ET / JR cases, legal costs relating to regeneration of Tottenham, risk of failure to make savings of budgeted £500K in child care cases, advice on Public Health integration and legal support on HMO enforcement. | 500 |
| Proposed Carry Forwards: | | |
| 12 | Legal Services - As previously agreed to provide legal support on Localism issues | 60 |
| 14 | IT Services - Costs associated with the delivery of the One SAP transformation and savings project | 350 |
| Total - Corporate Resources (after transfer to/from reserves & c/fwds) | | (43) |

APPENDIX 1

| Revenue | | Variation |
|---|--|-----------|
| Outturn 2011/12- explanation of variances from budget | | £000's |

| Place and Sustainability | | |
|---|---|--------------|
| 1 | Front Line Services - Restructure savings due in 12-13 achieved early (£250k), One-off increases in waste income (£150k), some vacancies frozen to offset wider departmental pressures (£150k) and a provision for single status payments that was no longer required (£300k) | (897) |
| 2 | Community Safety - Funding committed at Safer Communities partnership but not actioned in 11-12. Spend was delayed due to late confirmation of external funding and need to re-prioritise spend after August riots. | (178) |
| 3 | Tottenham Regeneration - Costs of Tottenham Team and Business Support Activity not reclaimable via Grant money | 143 |
| 4 | Corporate Property - Shortfalls in Technopark rental income (£213k) and late achievement of cleaning outsourcing savings (£223k) which have been partly offset by savings elsewhere in the business unit including income from the rest of the commercial portfolio and freezing of some vacant posts. | 274 |
| 5 | Culture - Shortfalls in income relating to Consultancy Services (£63k), DVDs (£87k) and Bruce Castle Museum Hire (£64k), as well as staffing budget shortfall for Sunday opening (£45k), partly offset by cost reductions elsewhere in business unit (£120k) | 139 |
| 6 | Leisure Services - Pressures from shortfalls in Leisure income (£525k) and Bereavement Income (£134k) partly offset by net spending reductions across the wider service (£500k) | 149 |
| 7 | Minor variances | 9 |
| Total - Place and Sustainability - Before Transfers & c/fwds | | (351) |
| Transfer to / from reserves | | 0 |
| Proposed Carry Forwards | | 0 |
| 8 | Community Safety Partnership - Funding committed at Safer Communities partnership but not actioned in 11-12. The overall budget reduced in 12-13 so the amount cannot be funded from base. Spend was delayed due to late confirmation of external funding and need to re-prioritise spend after August riots | 90 |
| 9 | Community Safety Grant - It was agreed with the Mayors Office that £30k can be carried forward to part fund the Independent DV advisor until March 2013 | 30 |
| 10 | Leisure Procurement - The procurement is ongoing and significant legal costs are likely to be incurred towards contract sign date in summer 2012. Budget for procurement was one-off in 11-12 only | 35 |
| Total - Place and Sustainability (after transfers to/from reserves & c/fwds) | | (206) |

APPENDIX 1

| Revenue Outturn 2011/12- explanation of variances from budget | | Variation £000's |
|--|--|---------------------|
|--|--|---------------------|

| Chief Executive | | |
|--|---|--------------|
| 1 | Electoral Services - circa half of the over spend is the result of non-achievement of planned income with the remainder being due to higher than budgeted costs associated with registration return postage costs and postal ballots. | 83 |
| 2 | Human Resources - the majority of this over spend has been caused by delay's in fully implementing planned restructure in HR in order to provide support to the wider organisation. | 104 |
| 3 | Organisational Development & Change - the main cause of the over spend is that some prior year expenditure was not accrued for and the cost fell into 2011/12. | 90 |
| 4 | Local Democracy & Member Services - the service realised savings identified for 12/13 during 11/12. This, along with a delay to recruitment to the restructured Leader's office, contributed to significant, one off, under spend on salaries. There was also an under spend on none essential items namely member and officer training budgets. | (120) |
| 5 | Strategy & Business Intelligence - the vast majority of this under spend (£270k) was against salaries as posts were held vacant pending the restructure to deliver the 2012/13 agreed savings. There was further under spend against the project / consultancy budget. | (375) |
| 6 | Communications - the underlying reason for this over spend is under achievement of budgeted income; delays in implementing restructure of the Translation & Interpretation team and unplanned historic copyright and newspaper printing licence fees. | 108 |
| 7 | Other minor variances | (139) |
| Total - Chief Executive - Before Transfers & c/fwds | | (249) |
| Transfer to / from reserves: | | 0 |
| Proposed Carry Forwards: | | 0 |
| 8 | Chief Executive funding for residents survey to be carried out in 2012/13 | 30 |
| Total - Chief Executive (after transfers to and from reserves & c/fwds) | | (219) |

| Public Health | | |
|--|------------------------|-----------|
| 1 | Minor Variances | 24 |
| Total - Public Health - Before Transfers & c/fwds | | 24 |
| Transfer to / from reserves: | | 0 |
| Proposed Carry Forwards: | | 0 |
| Total - Public Health (after transfers to and from reserves & c/fwds) | | 24 |

| Non Service Revenue (NSR) | | |
|---|--|----------------|
| 1 | Treasury - savings from active management of the debt portfolio | (1,389) |
| 2 | Pay award - contingency provision not required during the year | (1,500) |
| 3 | Inflation - contingency provision not required during the year | (2,487) |
| 4 | General Contingencies - draw down not required during the year | (2,000) |
| 5 | Alexandra Palace - lower than planned draw on deficit funding budget. | (468) |
| 6 | Other Minor variations | 344 |
| Total NSR - Before Transfers & c/fwds | | (7,500) |
| Transfer to / from reserves: | | |
| 7 | Transition Reserve | 2,500 |
| 8 | Deficit on Collection Fund | 3,800 |
| Proposed Carry Forwards: | | 0 |
| Total Non Service Revenue (after transfers to/from reserves) | | (1,200) |

APPENDIX 2

| Capital | | Variation £000's + / (-) |
|--|---|-----------------------------|
| Outturn 2011/12 - explanation of variances from budget | | |
| Children & Young People Services | | |
| 1 | BSF Programme - Construction Projects - Underspend on programme on advisor fees re PFI contract, specialist furniture not required and asbestos removal. | (1,339) |
| 2 | BSF Programme- ICT Managed Service - The pattern of expenditure is now largely controlled by when schools choose to spend their local allocations. Most schools are now planning to delay any ICT refresh expenditure until towards the end of the contract. Budgets will need to be rolled forward to allow for this. | (1,349) |
| 3 | BSF Programme - Lifecycle Projects. Expenditure relates to planned maintenance projects commissioned towards the end of the BSF programme, and the balance of expenditure will fall in 12/13. | (855) |
| 4 | Programme Delivery - The salary and overhead costs of the capital programme team are fully capitalised. With the close of the BSF construction programme, a higher proportion of these costs need to be covered by this budget, which was insufficient for the current year. The overspend will be absorbed by programme contingency, cost reduction plans are being implemented, and the budget has been adjusted for 12/13. | 237 |
| 5 | Broadwater Farm - project spend is ahead of profile. | 58 |
| 6 | Rhodes Avenue - Project spend is behind profile, due to construction delays on phases 1 and 2 of the project. Budget carry forward will be required. | (510) |
| 7 | Primary Pupil Places - Temporary/Permanent expansions. The £1m budget was to support temporary expansions for both September 11 and September 12 intakes, and preliminary design work on proposed permanent expansions. The bulk of spend for recently commissioned projects for September 12 will fall in 12/13. Discrete budgets for all planned permanent expansions are included in the 12/13 programme. | (380) |
| 8 | Mulberry - Variance is due to expenditure being behind budget profile, although the scheme is progressing well and will complete in August 2012. | (512) |
| 9 | Ferry Lane Multi Use Games Area - This scheme is now going to be delivered in partnership with the Cruyff Foundation and will be undertaken in 2012. Sufficient budget provision already exists in 12/13 programme, so no carry forward is required. | (150) |
| 10 | Aiming High - Short break facilities for Special Needs children. Plans for the use of this specific grant are still under development and a carry forward request will be made. | (205) |
| 11 | Heartlands Playing Fields/Alexandra Sports Club - The works on this project are expected to start in September 2012, subject to final negotiations on the lease between Alexandra Sports Club and Heartlands School. The budget will be subject to a carry forward request but is funded from S106 resources. | (222) |
| 12 | Electrical and ICT infrastructure - project spend is behind budget profile. | (72) |
| 13 | Devoled schools capital - Returns from schools show expenditure in advance of budget profile. This overspend will be adjusted against next year's schools devolved budgets. | 100 |
| 14 | Other minor variances less than £50k | (113) |
| Total Children's & Young People Services | | (5,312) |

| | | |
|--|---|------------|
| Adults and Housing Services | | |
| 15 | Community Capacity Grant. This DH grant funds a number of schemes, designed around key objectives of extra care housing and other alternatives to residential care, telecare and telehealth and the social care infrastructure. The grant was not fully allocated to schemes in 11-12. The service has requested carry forward as money has now been fully allocated to schemes fitting the grant objectives. Project plans and fortnightly monitoring meetings with the Deputy Director are now in place to ensure there is no slippage in 12-13 | (98) |
| 16 | Transforming Social Care Grant - DH capital grant - carry forward requested. Now allocated to schemes with project plan and fortnightly monitoring in place | (42) |
| 17 | Compulsory Purchase Orders. Expenditure on purchasing a property, matched by receipt from subsequent sale. (Funding virement not actioned before year end.) | 212 |
| 18 | Private Sector Housing Activity. Capital improvements to private sector stock. Funded by London sub region grant. (Funding virement not actioned before year end.) | 413 |
| 19 | Miscellaneous other. | 29 |
| Total Adults and Housing Services | | 514 |