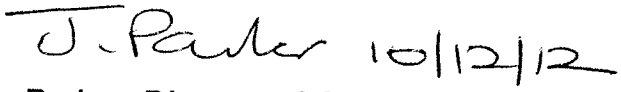


Report for:	Cabinet 18 th December, 2012	Item Number:	
-------------	--	-----------------	--

Title:	The Council's Budget Management Performance 2012/13 - up to and including Period 7
--------	---

Report Authorised by:	 Julie Parker, Director of Corporate Resources
--------------------------	---

Lead Officer:	Kevin Bartle, Assistant Director Finance
---------------	--

Ward(s) affected: All	Report for Key decisions
-----------------------	--------------------------

1 Describe the issue under consideration

- 1.1 To consider the forecast financial revenue and capital outturns for 2012-13 based on actual performance up to the end of October 2012 (Period 7).
- 1.2 To consider the proposed management actions and approve the budget adjustments (virements).

2 Introduction by Cabinet Member for Finance and Carbon Reduction – Councillor Joe Goldberg

- 2.1 The budget for 2012-13 requires the delivery of a significant level of savings on top of those already successfully delivered in 2011-12. The Government's front loaded austerity programme continues to unjustly penalise the Borough and its residents, and in that context the delivery of a broadly balanced General Fund projection as set out in this report is to be commended.
- 2.2 Members should be aware of the financial pressures and risks contained within the medium term financial plan, in particular, the demographic pressures surrounding the delivery of Adult Social Care. Budget pressures in Children's Social Care have so far been contained, although the budget is volatile and will be monitored closely during the remainder of the year.

3 Recommendations

3.1 Cabinet is recommended to:

- a) Consider the report and the projected outturn position against the Council's 2012-13 revenue and capital budgets.
- b) Approve the budget changes (virements) set out in Appendix 3

4 Other options considered

- 4.1 The quarterly reports to Cabinet on the Council's overall financial position are an important element of the overall Medium Term Financial Planning process.
- 4.2 A risk based approach to budget monitoring has been developed in order to manage the Council's finances in a time of economic and financial uncertainty.
- 4.3 Cabinet could choose to adopt a less rigorous regime and examine the financial position at a later stage. Projections could be marginally more accurate if a delayed approach was adopted, but there would be less time for robust development and consideration of management action and virements.

5 Revenue Budget Projection

- 5.1 As at the end of the period 7 there is a projected underspend on the General Fund (GF) of £1.6m and a £2.1m overspend on the Housing Revenue Account (HRA). The summary position is shown in Appendix 1. Whilst the position on the GF is an improvement compared to that reported at the end of the first quarter, the HRA position has worsened. The current forecast is suggesting an overall improvement to the outturn position and this may improve further before the year end.
- 5.2 The reasons for the main variations are set out below together with a note on the key financial risks and budget pressures.

Adults & Housing

- 5.3 Overall, the Directorate is forecasting a £1.4m budget overspend for the year on the General Fund which is a £0.7m improvement on the position reported at the end of the first quarter. However there is a £2.1m projected overspend on the HRA which is up from the £0.5m last quarter.

Adults and Community Services

- 5.4 There is a forecast overspend of £1.2m within Adults and Community Services. In the main this is due to care commissioning for older people (£0.9million) and adults with mental health needs (£0.3m).
- 5.5 The overspend in care commissioning for older people is being driven by both an increase in the number of clients entering the system and the length of time that they are being supported. Care commissioning for adults with mental health needs is also seeing increases in demand where there is a risk that there will be further transfers from NHS continuing health care.

- 5.6 The above forecasts assume that further additional demand can be contained by the service with no further net growth in client numbers. As Adult Social Care is a statutory service this may not be possible.
- 5.7 There are outstanding NHS Continuing Health Care reassessments and so there is a risk that more clients will be transferred to social care funding responsibilities. The current estimate is up to £0.7m risk. This is regularly reviewed.
- 5.8 The NHS in Haringey is required to make substantial savings this year. As part of their financial strategy they will be seeking to reduce hospital admissions and lengths of stay, with more health care delivered by community services. This is likely to increase pressure on social care services to support people to remain at home.
- 5.9 The above risks from increased demand and changes in Health policy and practice are expected to continue into the next financial year and beyond. A growth bid has been prepared to cover some of these pressures.

Community Housing Services

- 5.10 The Community Housing Services Budget is projected to overspend by £0.17m. The primary cost driver for this is the introduction of the Welfare Reform Act and the resources required to prepare for the impact.
- 5.11 A further financial risk is the average procurement price of the PSL stock which is rising gradually. As leases end, it is not always possible to renew them at the same favourable rates.

Housing Revenue Account

- 5.12 The HRA is currently forecasting a year-end overspend of £2.1m. The main overspends are in repairs expenditure (£1.2m) and lower than budgeted rent collection rates (£1.3m). This additional cost is in part offset by additional rent income as a result of improved void turnaround times and reductions in management costs.
- 5.13 Homes for Haringey are taking action to contain and reduce this overspend. In the Repairs service this includes adjustments to the bonus structure for tradesmen and requiring higher levels of management authorisation before additional works are carried out. They will also be holding vacancies and reducing running costs to produce offsetting underspends in other areas within the company account.

5.14 Homes for Haringey have recently completed a review of housing management which included income collection and identified a number of improvements that are now being implemented. These include:

- Restructuring Income Collection as part of the New Vision project, with more specialist teams including enforcement and court officers
- Targeting residents with high arrears cases and those with garage arrears;
- Increase in productivity and consistency for officers to ensure a robust approach is being taken across the service;
- More evening / weekend work to speak to those in debt and secure arrangements to pay.

The impact of these changes will be monitored closely over the coming months.

Chief Executive's Directorate

5.15 The forecast overspend in the directorate budget has reduced from £0.3m reported in quarter 1 to a small underspend this period. There are a number of small budget variances across the directorate and further management action is being taken to ensure that the final outturn is in a balanced position.

Corporate Resources Directorate

5.16 The Directorate is projecting an overall underspend of £0.3m for the year. In the main this underspend is in the Corporate IT managed contract with a saving arising from the SAP managed service contract. This has arisen with the ending of amortised costs and also a reduced service cost negotiated as part of the extension to the current contract prior to the completion of the One-SAP procurement project.

Children & Young People's Directorate

5.17 The Directorate is projecting a balanced position for the year-end based on figures as at the end of period 7. Spending on Looked after Children (LAC) continues to be contained within budget, with the numbers of children in the system continuing to be less than in the previous financial year.

5.18 There continues to be budget pressures with legal costs and the budget for clients with 'No Recourse to Public Funds'.

Place and Sustainability Directorate

5.19 The Directorate is projecting an £0.4m overspend for the year based on the projection as at the end of period 7. This is an improvement of £0.2m on the position reported at the end of the first quarter.

Single Front Line

5.20 Parking income is projecting a shortfall of £0.4m (£0.2m in Q1), a trend that has

carried forward from the previous year. However, this is currently being off-set by an underspend on the Neighbourhood Action Team budget of £0.4m as a result of additional waste income.

Planning, Regeneration and Economy

- 5.21 The service continues to project an underspend of £0.2m on the cost of delivering the worklessness programme.

Property

- 5.22 Property are forecasting an overspend of £0.2m mainly due to slippage of the start date for the new cleaning contract (from April 2012 to November 2012).

Leisure

- 5.23 The service is projecting an overspend of £0.3m (£0.5m in Q1). This is due to a combination of a shortfall in sports service income in the current year and to the delayed commencement of the new Leisure Services contract.

Culture and Libraries

- 5.24 The continuation of base budget pressures, mainly a shortfall in budgeted income and grant, means that the service is continuing to project an overspend of £100k.

Public Health

- 5.25 As at the end of Period 7 the Public Health Directorate has no revenue issues to report.

Non Service Revenue

- 5.26 Non-service revenue consists of budgets for capital financing costs, levies and contingencies. The projected underspend on these budgets is now circa £3.0m, which is an improvement on the projection at the end of quarter 1. The underspend is a combination of £2.0m of unallocated contingencies and provisions and an estimated £1.0m reduction in projected treasury management (borrowing) costs due to on-going use of internal borrowing and continuing favourable interest rates. There has also been a positive impact following the introduction of the HRA self-financing regime, which has reduced the Council's consolidated rate of interest on its total borrowing. It is most likely that this position will improve further before the year-end.

6 Capital Programme

- 6.1 The overall capital programme revised budget for the Council is £88.1m across all services. As at the end of period 7, the programme is projecting a £7.7m underspend by the year-end. This underspend mainly represents slippage in the delivery of schemes within the programme. Individual Directorate totals and variations are shown in Appendix 2.
- 6.2 The Place and Sustainability Directorate capital programme is projecting a capital

underspend of £5.4m. The main projected variances are within the Planning, Regeneration and Economy programme (£3.7m) for Tottenham Hale Gyrotory and Affordable Housing and in the Property programme where expenditure is likely to slip into 2013-14.

- 6.3 The Children's Directorate is projecting a capital underspend of £1.2m as at the end of period 7. The budget was reviewed by Cabinet on 16th October 2012, and a range of capital virements were agreed to realign the budgets to reflect the amended capital programme which included Rhodes Avenue (see below).

Rhodes Avenue

- 6.4 This project commenced in 2008 with an original budget of £8.9m. The project comprised three phases of works, and was originally intended to complete in 2012.
- 6.5 Delays have occurred on Phases 1 and 2 which have now pushed the completion date for phase 2 back to February 2013, at a projected cost of £10.9m. In order to mitigate the Council's exposure to further delays and cost increases a decision has been made to separate these phases from the final Phase 3, which is going to be re-procured as a design and build contract. The pre-tender estimate for the total project costs of this final phase is £3.3m, and the planned completion date of Phase 3 is December 2013.
- 6.6 The school are fully appraised of the situation and have programmed the further cohort intake and continued delivery of education from September 2013 based on the revised completion date.
- 6.7 The October Cabinet report also referenced the work being done to prepare a claim against the relevant parties undertaking the contract with the aim of recovering the majority of additional costs suffered on this project.

HRA Capital

- 6.8 The overall HRA capital programme is showing a projected underspend of £0.8m. The extensive void works programme is projected to underspend by £0.7m and Mechanical and Electrical works by £0.6m. Offsetting these is a projected overspend on the Decent Homes programme.

Virements

- 6.9 Appendix 3 sets out the virements over £100k requiring approval by Cabinet.

7 Comments of the Chief Financial Officer and financial implications

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

8 Head of Legal Services and legal implications

8.1 There are no specific legal implications in this report.

9 Equalities and Community Cohesion Comments

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

10 Head of Procurement Comments

10.1 Not applicable.

11 Policy Implication

11.1 There are no specific policy implications in this report.

12 Use of Appendices

Appendix 1: Forecast Revenue Outturn by Directorate

Appendix 2: Forecast Capital Outturn by Directorate

Appendix 3: Virements over £100k requiring approval (capital and revenue)

13 Local Government (Access to Information) Act 1985

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

- Budget management papers
- Business plans

13.2 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

2012-13 General Fund and HRA Budget Monitoring Summary as at the end of Period 7

Service Directorate	Approved Budget £m	Current Projected Variation Period 7 £m
Adults and Housing	94.9	1.4
Chief Executive	1.5	(0.1)
Corporate Resources	8.8	(0.3)
Children and Young People	83.8	-
Place & Sustainability	57.2	0.4
Public Health	0.9	-
Non-service revenue	31.3	(3.0)
Total - General Fund	278.4	(1.6)
Total - Housing Revenue Account	(7.5)	2.1

Appendix 2

Capital 2012/13 - The aggregate capital projected position in 2012/13 is shown in the following table.

Capital Scheme	Approved Budget £m	Spend to Date (P7) £m	Projected Variance (P7) £m
Place and Sustainability Directorate			
Transport for London	3.8	0.4	0.0
Parking Plan	0.4	0.0	0.0
Street Lighting	0.5	0.0	0.0
Resurfacing	0.5	0.0	0.0
Tottenham Hale Gyrotory	3.2	0.0	(1.7)
Affordable Housing	0.8	0.0	(0.7)
Energy Saving Measures (Green Deal)	0.5	0.0	(0.4)
Tottenham Regeneration	0.5	0.0	0.0
Northumberland Park Regeneration	1.3	0.0	(0.8)
Solar PhotoVoltaic Programme	0.9	0.9	0.0
Corporate Management of Property	1.1	0.1	(0.3)
Dilapidation Surveys	0.6	0.0	(0.3)
Accommodation Strategy Phase 2	0.8	0.0	(0.5)
Lordship Recreation Ground	1.7	0.8	(0.2)
Downlane Recreation Ground	0.5	0.0	(0.5)
Other Schemes under £1m	2.2	0.5	0.0
Total - Childrens	17.6	8.6	(1.2)
Adults and Housing Directorate			
Adults			
Disabled Facilities Grant	1.5	0.4	0.0
Housing Aids and Adaptations	1.2	0.6	0.0
Multiple Client Group Schemes	0.7	0.0	0.0
Total - Adults	3.4	1.1	0.0
HRA			
Structural Works	0.6	0.0	0.0
Extensive Void Works	1.4	0.0	(0.7)
Boiler Replacement	3.5	1.3	0.0
Capitalised Repairs	4.6	1.0	0.0
Lift Improvements	2.2	0.0	0.0
Decent Homes	25.3	3.0	1.3
Saltram Close	0.5	0.2	(0.1)
Mechanical and Electrical Works	1.3	0.2	(0.6)
Professional Fees	1.5	0.0	0.0
Major Voids and Accommodation	0.5	0.0	(0.4)
Other Schemes	1.5	0.1	(0.2)
Total - HRA	42.8	5.8	(0.8)
Corporate Resources Directorate			
IT Capital Programme	0.9	0.2	(0.3)
Infrastructure Programme	2.7	1.6	0.0
Customer Services	0.2	0.0	0.0
OneSAP - ERP Replacement	0.7	0.0	0.0
Alexandra Park & Palace	0.5	0.0	0.0
Total - Corporate Resources	5.0	1.8	(0.3)
Total - Haringey Capital Programme	88.1	20.0	(7.7)

Proposed virements are set out in the following table.

Revenue Virements						
Period	Service	Key	Amount current year (£'000)	Full year Amount (£'000)	Reason for budget changes	Description
3	PS	Rev	207	207	Budget realignment	Allocation of Flood Grant to Service
3	PS	Rev	435	435	Budget realignment	Budget Realignment of Mortuaries & Coroners from Public Health
4	PS	Rev	146	146	Budget realignment	Centralisation of Cleaning budget prior to externalisation
4	PS	Rev	100	100	Budget Realignment	Reallocation of Parking income
4	PS	Rev	1,505	1,505	Budget Realignment	Reallocation of Traffic Management income
4	PS	Rev	205	205	Budget Realignment	Adjustment of NLWA Non House Hold Waste Budgets
4	PS	Rev	200	200	Budget Realignment	Re-allocation of one-off Parks Maintenance Budget
5	PS	Rev	800	800	Budget realignment	Adjustment of 2012-13 concessionary travel budget allocation
5	PS	Rev	300	300	Budget realignment	One-off budget provision for specific Highways Maintenance works
6	PS	Rev	184	184	Budget realignment	Budget realignment of project expenditure within Community Safety
6	PS	Rev	199	0	Allocation of grant income	Home Office Grant to fund Ending Gang & Youth Violence
7	PS	Rev	108	0	Allocation of grant income	Food Standards Agency Olympic Funding 2012-13
7	PS	Rev	208	0	Homsey Depot cost from NSR	2012-13 NNDR & utility costs funded by Non Service Revenue
7	PS	Rev	168	168	Budget realignment	Re-allocation of salary budget within Sustainable Transport
7	CYPS	Rev	1,676	0	Funding adjustment	Education Funding Agency (formerly known as Young People's Learning Agency) Sixth Form funding adjustment

- Financial regulations require proposed budget changes to be approved by Cabinet. These are shown in the above table. These all changes in gross expenditure and/or income budgets between business units in excess of £100,000; and all changes in gross expenditure and/or income budgets within business units in excess of £100,000. any virement that affects achievement of agreed policy or produces a future year's budget impact if above £100,000.
- Under the Constitution, certain virements are key decisions. Key decisions are:
 - for revenue, any virement which results in change in a directorate cash limit of more than £250,000; and
 - for capital, any virement which results in the change of a programme area of more than £250,000.
- Key decisions are highlighted by an asterisk in the table.
- The above table sets out the proposed changes. There are two figures shown in each line of the table. The first amount column relates to changes in the current year's budgets and the second to changes in future years' budgets (full year).

Proposed virements are set out in the following table.

Capital Virements							
Period	Service	Key	Original Capital Budget	Amount current year (£'000)	Revised Capital Budget	Project	Description
7	P&S	Cap	3,120	(1,430)	1,690	Lordship Lane Recreation Ground	Re-profiling of budget over project life.
7	P&S	Cap	-	856	856	Solar Panels	Drawdown of allocated resources for newly approved schemes as part of Solar Photovoltaic Panels project
7	P&S	Cap	-	417	417	Street Light Dimming	New project approved to support energy efficiency, funded from the Sustainable Investment Fund
7	CYPS	Cap	5,736	(2,075)	3,662	Secondary School Capital Programme	Various movements approved by October Cabinet report
7	CYPS	Cap	14,357	(3,728)	10,629	Primary School Capital Programme	Various movements approved by October Cabinet report
7	CYPS	Cap	1,872	(451)	1,421	School Planned condition works	Various movements approved by October Cabinet report
7	CYPS	Cap	800	(209)	591	Devolved School Capital	Various movements approved by October Cabinet report
7	CYPS	Cap	2,300	(1,000)	1,300	CYPS Programme Delivery	Various movements approved by October Cabinet report

1. Financial regulations require proposed budget changes to be approved by Cabinet. These are shown in the above table. These changes fall into one of the following categories: all changes in gross expenditure and/or income budgets between business units in excess of £100,000; and all changes in gross expenditure and/or income budgets within business units in excess of £100,000.

any virement that affects achievement of agreed policy or produces a future year's budget impact if above £100,000.

2. Under the Constitution, certain virements are key decisions. Key decisions are:

- for revenue, any virement which results in change in a directorate cash limit of more than £250,000; and
- for capital, any virement which results in the change of a programme area of more than £250,000.

3. Key decisions are highlighted by an asterisk in the table.

4. The above table sets out the proposed changes. There are two figures shown in each line of the table. The first amount column relates to changes in the current year's budgets and the second to changes in future years' budgets (full year).