

# BUDGET MONITORING REPORT 2012/13 PERIOD 06 (SEPTEMBER)

## 1. SUMMARY

- 1.1 The 2012/13 period 6 revenue monitor reports that:
- The forecast revenue outturn is currently projected at a underspend balance of £1.2m for the General Fund and;
  - The housing revenue account is currently projecting an underspend balance of £2.4m.

## 2. ANALYSIS OF MAJOR VARIANCES BY SERVICE

- 2.1 Forecast variances reported by Heads of Services are identified in the Summary attached at **Appendix A**.
- 2.2 Further information on the reasons for the major variances in excess of £25k can be found at **Appendix B**. Any Activity variances less than £25k are not shown in this schedule but are included in the actual forecast variance figure for the Service.
- 2.3 A key part of financial planning is an understanding of the one off or ongoing nature of budget variances. This is especially important as the Council moves into budget development for next year - 2013/14. Officers have been asked to review the nature of any activity variances over £25k and to confirm whether the variances reported are likely to be ongoing, although the broad assumption is that there are one-off or otherwise can be contained within future budgets.
- 2.4 The 2012/13 forecast outturn as at period 6 is set out in the table below.

Directorate	Revised Budget £'000	Current Forecast Outturn £'000	Current Forecast Outturn Variance £'000	Previous Forecast Outturn Variance £'000	Change in Forecast Outturn Variance £'000
Culture & Community	36,012	36,386	374	249	125
Adults' and Health Services	71,288	70,517	(771)	(90)	(681)
Childrens Services	46,492	47,181	689	638	51
Finance & Commerce	14,274	12,935	(1,339)	(1,441)	102
Legal & Democratic Services	4,407	4,299	(108)	(190)	82
<b>Sub total</b>	<b>172,473</b>	<b>171,318</b>	<b>(1,155)</b>	<b>(834)</b>	<b>(321)</b>
Contingency	1,870	1,870	0	0	0
<b>Services Total</b>	<b>174,343</b>	<b>173,188</b>	<b>(1,155)</b>	<b>(834)</b>	<b>(321)</b>
Dedicated Schools Budget	0	0	0	0	0
<b>Grand Total</b>	<b>174,343</b>	<b>173,188</b>	<b>(1,155)</b>	<b>(834)</b>	<b>(321)</b>
<b>Housing Revenue Account</b>	<b>0</b>	<b>(2,425)</b>	<b>(2,425)</b>	<b>(207)</b>	<b>(2,218)</b>

- 2.5 Of the Service variances reported this period **Appendix C** sets out the items that occurred last financial year.

### **3. HOUSING REVENUE ACCOUNT**

- 3.1 At this stage an underspend of £2,425k is being forecast as a result of the Business Plan Review meeting held on 18th October which identified a better forecast position as a result of favourable borrowing rates.
- 3.2 Officers had budgeted for a 5% interest rate, whilst the actual borrowing costs were 3.2%. This has resulted in the current surplus.
- 3.3 There are other risk factors that need to be monitored: Depreciation has not yet been calculated; and there may need to be higher levels of bad debt provision due to changes in welfare benefits. However, the position looks reasonably positive.

### **4. EARMARKED RESERVES**

- 4.1 The quarterly update on the proposed use of the earmarked reserves is available at **Appendix D**. The setting up of the earmarked reserves is undertaken to provide specific resources for key priority improvement areas.

### **5. OTHER POINTS OF INTEREST**

- 5.1 The opening balance of the Corporate Contingency fund is £2m and as anticipated at this stage of the year no allocations have been processed to date. However, there are known committed allocations that, once approved and or realised, will be processed. It is also anticipated that the fund will potentially be needed to be used to support any Service overspends otherwise not containable at year end. Should this not prove to be the case, any unallocated funds will become a contribution to earmarked reserves.
- 5.2 A special corporate provision of £2.5m was also approved at budget setting time for various potential risk assessed factors, as indicated above. At this period it is assumed only £500k will be utilised, on a one-off basis. The balance of £2m is currently reflected as an underspend in the overall position and is currently offsetting a number of adverse variances, including the savings items referred to above.
- 5.3 This forecast assumes that the corporate contingency will be utilised in full, therefore no potential underspend has been declared. This is felt to be a prudent approach and entirely consistent with the position in previous years.
- 5.4 Taking into account the position on the contingency sum (the current balance is nearly £1.9m), and the likelihood that interest earned will exceed budget - although this has not formally been declared yet, to be prudent - the overall underspend could therefore increase further still. This position needs to be tempered by the financial position anticipated in both next year and for the foreseeable future.

### **6. RECOMMENDATIONS**

- 6.1. CMT are asked to note the proposed outturn position and are reminded to brief their lead members on said position for their area.
- 6.2. CMT are also asked, that given the scale of the potential long term budget gap, consideration should be given, as part of the budget process, to allocating any surplus from the Corporate Contingency into the Strategic Reserve.

- 6.3. CMT are asked to review the Earmarked Reserves position and to be prepared to substantiate why they may not be returned to the centre to support the increasing financial burdens.

### STAFF CONTACTS

<b>Overview, Corporate Finance and Finance &amp; Commerce</b>	Andrew Blake-Herbert Group Director	01708 432201
<b>Culture &amp; Community</b>	Cynthia Griffin Group Director	01708 432260
<b>Adults and Health</b>	Lorna Payne Group Director	01708 433203
<b>Children Services</b>	Sue Butterworth Group Director	01708 432443
<b>Legal &amp; Democratic Services</b>	Ian Burns Assistant Chief Executive	01708 432484

## Summary Revenue Budget Monitoring Period 6 2012-13

		FULL YEAR REVISED BUDGET	TOTAL ACTUALS AND ENCUMBER ANCES	FULL YEAR PROJECTED OUTTURN VARIANCE PERIOD 6	FULL YEAR PROJECTED OUTTURN VARIANCE PERIOD 5	DIFF IN PERIOD 6 VARIANCE SINCE PERIOD 5
A00000	Total	0	(79,500,413)	(1,155,292)	(834,293)	(320,999)
AA0000	Collection Fund Dir	0	(102,020,765)	0	0	0
AA1000	Collection Fund Srvc	0	(102,020,765)	0	0	0
AB0000	Culture & Community	36,011,685	15,334,751	374,092	248,734	125,358
AB1000	Culture & Leisure	11,170,885	6,413,231	(49,512)	(12,236)	(37,276)
AB2000	Customer Services	3,882,694	1,467,177	418,050	308,470	109,580
AB3000	Housing & Public Protection	1,235,732	1,900,435	(66,756)	(140,813)	74,057
AB4000	Directorate Support Service	199,731	82,678	(21,513)	(1,570)	(19,943)
AB5000	Streetcare	17,249,343	5,675,472	93,822	98,103	(4,281)
AB6000	Communications	57,020	(311,021)	0	0	0
AB7000	Regeneration Policy & Planning	2,216,280	106,779	0	(3,220)	3,220
AD0000	Adults' and Health Services	71,287,803	28,849,853	(771,289)	(90,229)	(681,060)
AD8000	Adults & Health Services Transform	3,071,590	(6,059,657)	660	0	660
AD9000	Mental Health	3,150,150	1,443,374	(149,900)	0	(149,900)
AE4000	Commissioning	9,515,259	5,310,566	(385,383)	(217,393)	(167,990)
AE6000	Adult Social Care	55,550,804	28,155,570	(236,666)	127,164	(363,830)
AE0000	Children's Services	46,492,002	17,914,357	689,476	638,168	51,308
AE2000	Learning & Achievement	18,912,321	4,018,685	(250,065)	(112,302)	(137,763)
AE3000	Children & Young People	27,312,281	13,820,677	939,541	750,470	189,071
AE5000	Education Grant Funding	267,400	74,995	0	0	0
AE7000	Schools For The Future	0	0	0	0	0
AF0000	Finance & Commerce	(158,198,160)	(39,900,493)	(1,339,291)	(1,441,023)	101,732
AF1000	Finance & Procurement	308,030	(785,593)	31,939	41,170	(9,231)
AF3000	Shared Service Centre	425,200	(1,374,014)	(25,000)	20,620	(45,620)
AF4000	Corporate Financial Matters	10,061,178	2,603,485	(1,857,920)	(1,882,903)	24,983
AF5000	Contingency	1,870,000	0	0	0	0
AF6000	Business Systems	134,640	(1,628,436)	(1,428)	390	(1,818)
AF7000	Asset Management	1,761,040	464,617	467,718	291,468	176,250
AF8000	People & Change	274,240	(51,511)	(65,390)	15,600	(80,990)
AF9000	Development & Building Control	1,310,080	749,885	110,790	72,633	38,158
AG1000	External Finance	(174,342,568)	(39,878,927)	0	0	0
AL0000	Legal & Democratic Services	4,406,670	321,884	(108,280)	(189,943)	81,663
AL1000	Legal & Democratic Svs	4,391,500	1,586,151	(85,830)	(189,953)	104,123
AL2000	Transformation Agenda	15,170	(1,264,267)	(22,450)	10	(22,460)

## Revenue Budget Monitoring Variances Period 6 2012-13

		FULL YEAR REVISED BUDGET	TOTAL ACTUALS AND ENCUMBERANCES	FULL YEAR PROJECTED OVERTURN VARIANCE PERIOD 6	REASON FOR FY PROJECTED OVERTURN VARIANCE	FULL YEAR PROJECTED OVERTURN VARIANCE PERIOD 5	DIFF IN PERIOD 6 VARIANCE SINCE PERIOD 5
<b>A00000</b>	<b>Total</b>	<b>0</b>	<b>(79,500,413)</b>	<b>(1,155,292)</b>		<b>(834,293)</b>	<b>(320,999)</b>
<b>AB0000</b>	<b>Culture &amp; Community</b>	<b>36,011,685</b>	<b>15,334,751</b>	<b>374,092</b>		<b>248,734</b>	<b>125,358</b>
<b>AB1000</b>	<b>Culture &amp; Leisure</b>	<b>11,170,885</b>	<b>6,413,231</b>	<b>(49,512)</b>	The projected underspend reflects a number of overspends and underspends, some of which still need to be confirmed at period 7. The overall underspend of £49.5k does not reflect an underspend in one specific area.	<b>(12,236)</b>	<b>(37,276)</b>
AB1040	Indoor Sports & Recreation	1,792,560	357,219	(86,660)	Projected energy savings at leisure centres, to be used to cover a limited number of delayed MTFS savings	(86,660)	0
AB1080	Grounds Maintenance DSO	865,780	2,260,866	(110,017)	Underspend on salary expenditure which will be netted off against salary overspend on Supervision Management & Supp. Budgets will be re-aligned to reflect this.	(13,783)	(96,234)
AB1090	Social Halls & Comm Ctrs	81,810	129,006	72,372	Projected overspend resulting from delayed Dukes Hall closure (although £16k transfer required to cover part of that), and the delayed transfer of Tweed Way hall.	51,351	21,021
AB1105	My Place Centres	379,420	50,506	(80,318)	My place centre opened three months later than originally anticipated causing an underspend on running costs	11,640	(91,958)
AB1110	Supervision Management & Supp	930,210	600,848	167,248	Overspend on salary expenditure which will be netted off against salary underspend on Grounds Maintenance DSO, Budgets will be re-aligned to reflect this.	9,417	157,831
<b>AB2000</b>	<b>Customer Services</b>	<b>3,882,694</b>	<b>1,467,177</b>	<b>418,050</b>	The overall position is an overspend of approx. £417k which is a result of the underachievement of benefits realisation from the CST programme. The general revenue codes show a small underspend of about £4k	<b>308,470</b>	<b>109,580</b>
AB2320	Births Deaths & Mrgs	50,620	166,719	43,105	Comments as per period 4 still remain. Funding to Customer Services of £42k has also had big impact	34,525	8,580
AB2330	CRM	3,383,985	1,962,148	(56,529)	Budgets have now been updated and some one-off underspends now predicted although a number of vacant permanent posts need to be filled which may impact on this.	(68,180)	11,651
AB2360	Customer Serv Transform	(814,171)	(165,160)	421,000	Current position predicted is £421k under recovery on benefits although this is still under review	421,941	(941)
<b>AB3000</b>	<b>Housing &amp; Public Protection</b>	<b>1,235,732</b>	<b>1,900,435</b>	<b>(66,756)</b>	These underspends are one off and may not continue in 2013/14. They are due to specific performance issues in 2012/13	<b>(140,813)</b>	<b>74,057</b>
AB3620	Environmental Health	1,580,532	904,382	(26,359)	Additional anticipated Gambling Act and licensing income Salary underspends as some staff not at top of grade	(32,273)	5,914

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AB3880	Strategy	(512,503)	451,585	(27,112)	Efficiency principally arising from lower bad debt provision in PSL budget required as a result of better debt management and income collection, offset by overspend against PSL repairs budget because of accelerated move on programme due to increases in homeless approaches and slightly higher agency costs	5,764	(32,876)
AB5000	Streetcare	17,249,343	5,675,472	93,822	Overall the streetcare budgets are looking in a better condition to meet the demands of the services in this busy period, Parking income is on target although this is high risk due to the unknown winter weather, likewise for borough roads. Waste services are containing cost where possible, any shortfall in these accounts can be covered from the waste reserve set up some years ago. Street cleansing agency to perm staffing budget resolution will cover the majority of the street cleansing pressures. Management action is being taken across all service areas to contain budgets within agreed limits. Parking, Waste & Street Cleansing accounts have been reviewed, Highways account to be fully reviewed over the coming 3-4 months. There are a number of subjectives that are becoming increasing difficult to manage, namely fuel and inflationary impact of TFL signals charges in A27040. Streetcare have a number of small scale pressures that contribute to the overall total.	98,103	(4,281)
AB5400	Borough Roads B & TS	678,640	(473,908)	37,445	discussed with finance the need to review the highway accounts and in particular the structure of road adoption budget to ensure all charges are fully recovered, currently reviewing productive charges to this account from Technical engineers also	14,780	22,665
AB5690	Borough Roads Tech	(53,093)	276,338	(123,330)	Technical services recovery of fees are projected to exceed budget, this account is subject to review along with the rest of the highways accounts. Discussions have already taken place with finance to re align the highways accounts throughout 12/13.	(85,753)	(37,577)

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AB5700	Borough Roads	7,724,240	1,718,959	44,881	Some budget virements have been actioned to bring this account into alignment from the previously stated position, more work required as part of the wider Highways accounts review. Management action is being taken to control spend to essential highway works only, albeit the risk of claims could increase if we have a severe winter	110,039	(65,158)
AB5730	Highways Cost Recovery Account	15,610	359,656	(33,303)	There are a number of virements within these accounts that have taken place to realign the highway accounts to nett off highway maintenance pressures within the client accounts, there is still much more to do. Management action is being taken to contain highway cost overall	(31,675)	(1,628)
AB5750	Refuse Coll & Waste Dis	3,442,190	(97,844)	55,873	Market waste tendering completed, new waste contract in place from November, sale of refuse vehicle will take place in January after x mas market demand period.	54,420	1,453
AB5760	Street Cleansing	4,588,150	2,183,666	71,893	Still awaiting final confirmation if agency to perm staffing budget will be released via corporate finance, there is a £52k gap. Trying to contain staff cost where possible to do so but not sustainable long term.	97,442	(25,549)
AB5770	Street Lighting	1,368,060	413,734	41,007	Awaiting budget uplift (£20k) from corporate to reflect recent revised electricity tariff structure changes which will assist in bringing this account back into line, management action being taken to control spend.	(10,220)	51,227
<b>AD0000</b>	<b>Adults' and Health Services</b>	<b>71,287,803</b>	<b>28,849,853</b>	<b>(771,289)</b>		<b>(90,229)</b>	<b>(681,060)</b>
AD9000	Mental Health	3,150,150	1,443,374	(149,900)	<b>There is a projected underspend due to placements ceasing and vacancies. The drop - in service is being decommissioned - commissioners to decide the future of re-provision.</b>	0	(149,900)
AE6210	Mental Health Needs	3,150,150	1,443,374	(149,900)	there is projected underspend. this is due to placements ceasing , vacancies and also the drop-in service being decommissioned.	(164,420)	14,520
AE4000	Commissioning	9,515,259	5,310,566	(385,383)	<b>Steady progress is being made towards MTFs and increased revenues from Catering are helping to ensure a positive position</b>	(217,393)	(167,990)
AE4260	Commissioning	1,994,740	1,025,228	98,587	One-off resource implications being funded by under-spend within commissioning.	96,915	1,672
AE4400	Supporting People & Voluntary Sector	3,984,560	1,584,291	48,129	A review of the forecast for commissioned contracts has been undertaken and adjustments have been made which better reflects actual commitments and forecasts.	148,517	(100,388)

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AE4600	SPC Staff	923,920	511,496	(38,219)	Salaries underspend. One off for 12/13 - Budget to be transferred to A32700 to cover savings applied from 12-13	(29,475)	(8,744)
AE7630	Borough Catering	925,080	1,051,708	(484,736)	Likely to be recurring - Traded Services Surplus	(427,036)	(57,700)
<b>AE6000</b>	<b>Adult Social Care</b>	<b>55,550,804</b>	<b>28,155,570</b>	<b>(236,666)</b>	<b>The underspend position within ASC is predominately driven by underspends in staffing budgets in the Reablement service. A one-off input error occurred in month 3 which accounts for the significant movement in variance to last month's Learning Disabilities forecast. Mitigating action has been taken to reduce likelihood of recurrence.</b>	<b>127,164</b>	<b>(363,830)</b>
AE6170	Adult Community Team	25,163,300	13,206,773	118,715	A review of the current respite forecast in comparison with the 11/12 outturn has been carried out, and a number of miscodings in the last financial year have been identified. As a result the overall forecast has increased by £80k from P5 to P6. The largest risk to forecasts in this activity area going forward remains income forecasting from client contributions. Following significant variance between forecast and actual outturn in 11/12, considerable work is underway to improve forecasting systems in this area and is expected to conclude by November.	38,007	80,708
AE6190	Prevention	7,523,801	3,863,650	(543,332)	In earlier forecasts the service allowed for one months delay in case the transfer to the new Reablement provider was delayed. The project is progressing to handover by the expected date and therefore this is not needed. The overall underspend in this area is driven by reablement salaries.	(328,769)	(214,563)
AE6200	Learning Disabilities	20,956,210	10,365,449	90,240	Following a detailed review at P6, a one-off input error that occurred in month 3 accounts for the significant movement in variance to last month's Learning Disabilities forecast. Mitigating action has been taken to reduce likelihood of recurrence. As a result client income has increased and affected the forecast.	461,786	(371,546)
AE6220	Health & Social Care Other	826,703	127,907	127,175	This overspend is offset by underspends in other area of the ASC budget. Additional capacity to support transitions and service changes and improvements, is reflected in increase expenditure in this area.	131,065	(3,890)
AE6250	Quality and Safeguarding	1,080,790	591,790	(29,464)	Small underspend forecast in the WFDG.	(10,505)	(18,959)
<b>AE0000</b>	<b>Children's Services</b>	<b>46,492,002</b>	<b>17,914,357</b>	<b>689,476</b>		<b>638,168</b>	<b>51,308</b>



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<b>AE2000</b>	<b>Learning &amp; Achievement</b>	18,912,321	4,018,685	(250,065)	MTFS and "LACSEG" savings are beginning to be achieved by teams in preparation for April 2013 when there will be significant budget reductions	(112,302)	(137,763)
AE2140	HIAS Management	1,338,370	606,780	(131,254)	Staffing costs being reviewed due to future restructure	(136,260)	5,006
AE2330	Home To School Transport	207,870	34,740	(39,009)	Additional School Travel Plan funding used to offset pressure on AEN transport. Review allocation of this money at the end of the year to consider using to offset SEN transport overspends.	19,298	(58,307)
AE2340	Pupil Services	532,540	289,294	(34,760)	Early contribution to MTFS AEN saving- part year saving	(26,199)	(8,561)
AE2510	Financial Support	355,885	(82,248)	(49,207)	Early contribution to "LACSEG" savings to be made from April 2013	(29,117)	(20,090)
AE3350	SEN	2,157,110	931,912	77,350	Expected overspend due to demand. MTFS savings against this budget. Transformation project taking place to address overspend, once this is complete budget review and realignment to take place.	77,350	0
AE3370	Psychology Service	1,080,380	550,906	(50,090)	Part year MTFS saving for ED Psychology Service	(12,080)	(38,010)
<b>AE3000</b>	<b>Children &amp; Young People</b>	27,312,281	13,820,677	939,541	Increase in overspend due to additional agency staffing costs to deal with an increase in child protection work and recruitment delays and an increase in high cost placements mainly due to a secure placement. There also have been additional costs in winding up the Integrated Working Team which will not recur.	750,470	189,071
AE3380	Youth Service	2,388,110	1,234,869	(39,866)	Upon investigation of the Total IYS budget, it was discovered that £380k which has been viared across to Leisure and Culture had not been factored in to the period 3 forecast.	(53,870)	14,004
AE3390	Children With Disabilities	3,335,103	1,749,255	(73,771)	The variance are savings for 2013/14 made early by the re commissioning of short breaks and will in year contribute bringing down the projected overspend on staffing and Placements.	(10,689)	(63,082)

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AE3810	Prevention & Intervention	3,273,771	1,502,324	233,504	The budget is showing an increase in the projected overspend due to the number of agency staff needed to use as a result of the delay in recruiting to vacancies and upsurge of 60% in child protection work across CPP and Mash and assessment. It is envisaged to use staff from other teams to take some of the 140 children with a child projection plan (usually 80-100) and the 40 unallocated in children in need. If the teams are not strengthened then it is anticipated that there could see an increase in LAC placements as the teams experiencing a surge keep children out of care. In the interim it has been agreed to bring in more staff. It is projected that this is an in year pressure and will be resolved once recruitment has been finalised.	6,610	226,894
AE3830	Existing Placements	5,367,440	2,988,775	988,417	There have been a number of placements where the move has not taken place and one secure placement's costs have risen from 5k per week to 8k, this is likely to continue until the end of the year. Negotiations are underway to reduce this cost, however, due to the high needs it is anticipated the additional move required may be even more expensive placement at £10k per week.	833,654	154,762
AE3840	Leaving Care Service	981,966	423,109	(73,111)	This underspend relates entirely to early achievement of MTFs saving as team have moved out of Midland House	(63,505)	(9,606)
AE3860	Fostering, Adoption & Other Costs	1,046,856	615,325	303,354	Historically this budget has been inadequate for the level of demand. Main pressure is on Special guardianship which has increased again this year. We are aiming to increase use of adoption which is usually less costly and a better option but sometimes the courts opinions differ from ours.	223,160	80,194
AE3890	Children's Centres	3,793,301	1,642,048	(75,000)	Due to the dilapidated state of some of the buildings, it is not anticipated that any further savings can be made at this time.	(71,126)	(3,874)
AE3910	Children's Social Services Other	2,961,124	1,133,183	(395,504)	Increased underspend identified and retained to offset pressures across CYPS	(303,930)	(91,574)
AE3920	Grants	616,700	211,362	(54,000)		0	(54,000)
AE3930	UASC & Asylum Seekers	157,260	27,534	(98,540)	Identified underspends due to reduced numbers of UASC	(50,000)	(48,540)
AE3940	Integrated Working	106,870	299,813	222,694	The integrated working team was originally grant funded. Those grants have now ceased and the team is being disbanded as part of the restructure of CYPS.	154,440	68,254
<b>AF0000</b>	<b>Finance &amp; Commerce</b>	<b>(158,198,160)</b>	<b>(39,900,493)</b>	<b>(1,339,291)</b>		<b>(1,441,023)</b>	<b>101,732</b>

## Revenue Budget Monitoring Variances Period 6 2012-13

		FULL YEAR REVISED BUDGET	TOTAL ACTUALS AND ENCUMBRANCES	FULL YEAR PROJECTED OUTTURN VARIANCE PERIOD 6	REASON FOR FY PROJECTED OUTTURN VARIANCE	FULL YEAR PROJECTED OUTTURN VARIANCE PERIOD 5	DIFF IN PERIOD 6 VARIANCE SINCE PERIOD 5
<b>AF1000</b>	<b>Finance &amp; Procurement</b>	<b>308,030</b>	<b>(785,593)</b>	<b>31,939</b>	Adjustments to elements of the audit area are still to be made, this will eliminate the current overspend	<b>41,170</b>	<b>(9,231)</b>
AF1100	Finance	308,030	(785,593)	31,939	Forecast includes shortfall against MTFS savings item of £100k for corporate support services, of which only around half has so far been delivered, plus a forecast of £20k on grant funding which will now not be spent, and thus will be looking to carry forward at year end, together with a range of minor underspends	41,170	(9,231)
<b>AF4000</b>	<b>Corporate Financial Matters</b>	<b>10,061,178</b>	<b>2,603,485</b>	<b>(1,857,920)</b>	Shortfall on MTFS saving ISS Phase II £382k; Carpooling £200k will now be achieved and will be allocated out as approved by CMT. Surplus on Insurance Fund Provision £500k and Special Corporate Provision £2m. Under recovery on advertising hoardings £236k.	<b>(1,882,903)</b>	<b>24,983</b>
AF4310	Corp Fin Transactions	12,528,209	2,903,099	236,180	Shortfall on advertising hoardings income £236k. This is being offset by the insurance provision underspend of £500k	236,180	0
AF4340	Savings & Provisions	7,992,844	1,106,537	(2,118,000)	Surplus on Special Corporate Provision £2m and on Insurance Fund Provision £500k (which is offsetting overspends elsewhere, including advertising hoardings income and children's placements), offset by current slippage in ISS savings of £382k	(2,117,000)	(1,000)
<b>AF7000</b>	<b>Asset Management</b>	<b>1,761,040</b>	<b>464,617</b>	<b>467,718</b>	£431k variance has arisen in Transport Service. Mitigation has already taken place using permanent budget transfer/virements within Asset Management. Variance may reduce by further £40k with amendments to fleet management budget. Issues relate largely to route reductions in PTS service. £300k reduction in operating costs has been achieved but it has not been possible to remove all fixed costs and overheads in sufficient time. Work is continuing within service and further mitigation is anticipated.	<b>291,468</b>	<b>176,250</b>
AF7650	Prop & Land Hldgs	(354,250)	(331,701)	30,448	Variance due to re-profiled income projection from Ingrebourne( Hornchurch Country) Park MTFS saving	154,940	(124,492)
AF7750	Transport Accounts	87,090	904,563	431,816	48k due to one-off salary pressures (backdated adjustments) - accrual not set up. Will seek to offset subsequently from other budgets	61,985	369,831
<b>AF8000</b>	<b>People &amp; Change</b>	<b>274,240</b>	<b>(51,511)</b>	<b>(65,390)</b>		<b>15,600</b>	<b>(80,990)</b>

## Revenue Budget Monitoring Variances Period 6 2012-13

		FULL YEAR REVISED BUDGET	TOTAL ACTUALS AND ENCUMBRANCES	FULL YEAR PROJECTED OVERTURN VARIANCE PERIOD 6	REASON FOR FY PROJECTED OVERTURN VARIANCE	FULL YEAR PROJECTED OVERTURN VARIANCE PERIOD 5	DIFF IN PERIOD 6 VARIANCE SINCE PERIOD 5
AF3070	People & Change	274,240	(51,511)	(65,390)	One off Salary underspend as a result of OLM implementation, although this is under review and may move downwards as year progresses.	15,600	(80,990)
<b>AF9000</b>	<b>Development &amp; Building Control</b>	<b>1,310,080</b>	<b>749,885</b>	<b>110,790</b>	<b>The Development &amp; Building Control variance is within the Building Control budget resulting from the income position. The Building Control year end 2012/13 budget variance is based on comparison with actual income levels for 2011/12. Several factors may influence the year end income position. These include recovery from building activity during the Olympics/summer period. At period 5 it was anticipated that the Government's announcement of intended changes to planning permitted development (PD) may result in an increase in householder building projects requiring Building Regulation consent. However, despite increasing local political attention, Government still have not specified when such changes will be implemented and on what basis. This is causing uncertainty for the development process. The income variance has therefore increased since Period 5. The position is being monitored and the income is partially offset by underspends.</b>	<b>72,633</b>	<b>38,158</b>
AF9450	Development Control Svs	733,810	618,567	105,380	Variance caused by difference in actual Building Control fee income compared with income target, based on 2011/12 actuals. Likely to be ongoing due to current economic conditions and variance being partially offset by underspends in other subjectives such as technical recharges.	72,433	32,948
<b>AL0000</b>	<b>Legal &amp; Democratic Services</b>	<b>4,406,670</b>	<b>321,884</b>	<b>(108,280)</b>		<b>(189,943)</b>	<b>81,663</b>
AL1000	Legal & Democratic Svs	4,391,500	1,586,151	(85,830)	Underspend due primarily to short term vacancies, but masks overspend on delayed delivery of CCTV re-organisation.	(189,953)	104,123
AL1330	Legal Services	(54,790)	(781,588)	(82,990)	Part anticipated overachievement of income on local land charges, part underspend on staff costs - will be corrected once vacancies permanently filled.	(82,990)	0
AL1340	Community Safety	799,590	244,468	(54,940)	Underspend due to holding vacant post to achieve early realisation of MTFS saving. Use this year to offset overspend in AL1350	(161,010)	106,070
AL1350	CCTV & Mobile Patrol	385,360	278,998	46,580	Overspend due to removal of £150k MTFS saving requirement. Can be covered this year by underspend on AL1340	46,580	0

## 11/12 Outturn Variances that are Occurring in 12/13

DIRECTORATE	Outturn Variance 2011-12 £000
Culture and Community	(22)
Adults' and Health Services	(1,542)
Children's Services	731
Finance and Commerce	(2,899)
Legal and Democratic Services	(236)

### List of activity variances in excess of £100k

SERVICE	ACTIVITY	Outturn Variance 2011-12 £000	REASON FOR VARIANCE
Housing & Public Protection	Environmental Health	(108)	There was additional income from licenses and savings in various expenditure which includes car allowances & professional fees.
Streetcare	Borough Roads Technical Svcs	(106)	Surplus in Engineering recharge income
	Borough Roads	292	The deterioration of the borough roads and footways over the years has lead to an increase in essential statutory works to maintain a safe network.
	Street Cleansing	(137)	Underspends in staffing, vehicles, flytipping, externally provided services and general operational efficiencies
Commissioning	Supporting People & Voluntary Sector	(179)	£100k of PCT Invoices for commissioners is included here and this was outside the control of the service forecast and this funding may not be received, causing a £100k pressure.
	SPC Staff	(136)	Mainly staffing underspend and underspend slightly greater than the forecast, more funding than necessary was transferred to schools capital team - this is now reversed.
	Borough Catering	(431)	Traded surplus and the change was not material - some slack built in due to the risk of loss of trading days.
Adult Social Care	Adult Community Team	(1,379)	OP Dom Care, Res & Nursing underspends (early achievement of savings and some overachievement of income). The variance since last report are income forecasts understated, Bad Debt Provision (£150k) of which only £49k materialised. PD Forecast overspend did not materialise and Home Care income forecast different to outturn.

List of activity variances in excess of £100k

SERVICE	ACTIVITY	Outturn Variance 2011-12 £000	REASON FOR VARIANCE
Adult Social Care cont'd	Learning Disabilities	(259)	There were some variances to block contracts as there were void discounts that were not considered when forecasting. There was also an overpayment made that was refunded. The void discounts and overpayment were not known when the forecast was produced.
	Health & Social Care Other	1,115	Various overspends (including consultancy and agency). and RCCO of £1m and the overspend was not anticipated at the time of forecast.
	Quality and Safeguarding	(174)	Workforce Development Grant carry forward not utilised and carry forward not assumed.
Learning and Achievement	AE3350 SEN	329	A detailed analysis of clients using transport and the rates provided has led to a predicted overspend. There were also overspends in Post 16 & Sen Section.
Children & Young People	AE3390 Children With Disabilities	(291)	Funding was received throughout the year from the PCT to cover 25% of the cost for two full time residential care placements, this was not agreed until period 9 so funds had been set aside to cover this pressure earlier in the year which were not required.
	AE3830 Existing Placements	702	Variance due to an increase in the number of children coming into care & package changes. Slight reduction to period 9 due to changes in care packages.
	AE3840 Leaving Care Service	(65)	Support to a young person who was at risk of offending were no longer needed and therefore costs have been reducing since period 9.
	AE3890 Children's Centres	(310)	Salaries underspend due to staff leaving, vacancies being held because of restructuring and difficulties recruiting staff. Income through rents not accounted for in budget as there had been previous difficulties in collecting these.
	AE3910 Childrens Social Services Other	314	The main reason for the overspend is due to 500k revenue contribution to capital as agreed at CMT 17th May 2012. Legal costs difficult to predict accurately and volume of cases was not as high as previously forecast.
	AE3920 Grants	216	CAMHS commitments total £430k this year of which about £400k is the forecast spend. However, there is only £40k in the CAMHS budget. This appears to have arisen from a decision to decommission CAMHS services which was not implemented.

List of activity variances in excess of £100k

SERVICE	ACTIVITY	Outturn Variance 2011-12 £000	REASON FOR VARIANCE
Corporate Financial Matters	AF4310 - Corporate Financial Transactions	(2,327)	Surplus on Concessionary Fares budget at £439k, £600k subsidy and FRS17 super backfunding calculation at £254k. The shortfall on advertising income is £236k whilst the Central Transformation Mgt team underspent by £654k. The increased recoveries on the VMNS budget was £399k and the Ill Health Retirement provision underspend was £91k.
	AF4340 - Savings & Provisions	(1,012)	Balance on ELWA levy budget £308k and release of corporately held provisions at £704k including the Carbon Reduction Commitment provision surplus.
Asset Management	Transport Accounts	208	Aggregation of various minor variances e.g. impact of compromise agreement with SC&L, withdrawal of Ravensbourne route and correction of staff pay late in year
Development Building Control	Development Control Services	160	Income shortfall against target is £100k - £20k better than expected. This is being offset by expenditure underspends that were less than expected. A £76K variance results from the savings profile of customer service transformation project.
Legal	Legal Services	(129)	Favourable income position, and staffing underspend

## EARMARKED RESERVES

DESCRIPTION	BALANCE 31st MARCH 2012	CURRENT BALANCE 30th SEPT 2012	PROPOSED BALANCE 31st MARCH 2013	REASON FOR / PURPOSE	HOW / WHEN USED	HOW MANAGED AND CONTROLLED	PROCESS AND TIMESCALE FOR REVIEW OF RELEVANCE AND ADEQUACY
School Meals Service (AM0007/Z074)	75,767	37,192	36,702	To support development within the school meals service.	Upon agreeing with Members.	Group Director Childrens Service.	Reviewed as part of monitoring
Crematorium & Cemetery Funds  AM0001/Z119, AM0003/Z127	531,541	531,541		These funds have existed for many years to maintain cemeteries and to help finance improvements at the crematorium. This covers: (a) fund created by fees (b) Cemetery Memorial fund (c) Memorial Garden Fund	Report to Governance Committee 15/10/03 approved Head of Service authorising schemes.	By the relevant Head of Service and Cemeteries and Crematoria Manager.	Annual Report to Council as part of Budget.
Approach was reviewed by Governance Cttee	5,268	5,268					
	536,809	536,809	300,000				
Training Reserve (AM0019/Z266)	156,754	102,464	50,000	Used to support training and development in ASS.	As needed and discussed at ASS Board.	By Group Director Finance & Commerce	As part of normal monitoring.
Climate Change (AM0022/Z278) agreed via Cabinet Report	49,251	49,251		To provide on Invest to Save pot specifically for climate change initiatives.	When allocated by the Climate Change Group.	Via Climate Change Group	Part of Climate Change Group agenda.
Primary School Bridge Borrowing (AM0025/Z284) via Cabinet Report	1,360,000	1,360,000	850,000	To provide transitional borrowing prior to receipts being generated.	To support transitional borrowing when required	Via CFO in liaison with Project Board.	As part of normal monitoring.
<b>TOTAL</b>	<b>2,178,581</b>	<b>2,085,716</b>	<b>1,236,702</b>				