

**AGENDA ITEM: 8**      Pages 41 – 49

Meeting	Cabinet Resources Committee
Date	30 November 2010
<b>Subject</b>	<b>Monitoring 2010/11</b>
Report of	Cabinet Member for Resources and Performance
Summary	To consider the Monitoring 2010/11 report and instruct officers to take appropriate action.
Officer Contributors	Maria G. Christofi – Assistant Director, Financial Services Catherine Peters – Head of Finance, SAP Systems, Closing & Monitoring Anisa Darr – Finance Manager, Closing & Monitoring
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Performance Report (separately circulated) Appendix B – Capital Programme Adjustments (separately circulated)
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable
Contact for further information:	Anisa Darr, Finance Manager, Closing & Monitoring, 020 8359 7106.

## **1. RECOMMENDATIONS**

- 1.1 That Directors take appropriate action to ensure costs are kept within budget and income targets are met. (Paragraph 9.1.2)**
- 1.2 That Quarter 2 performance by directorate be noted. (Paragraph 9.2.1)**
- 1.3 That the proposed virements be approved and recommended to Council for approval. (Paragraph 9.4)**
- 1.4 That the Recharges review be noted. (Paragraph 9.5.1)**
- 1.5 That the proposed Capital additions of £71.585k from S106 for the improvement of parks be approved. (Paragraph 9.6.1)**
- 1.6 That the cost of agency staff procured through the Hays tempdesk be noted. (Paragraph 9.7.1)**
- 1.7 To approve proposed drawdown's from contingency of:**
  - £390k to cover the costs of rent for NLBP Buildings 2 and 4. (Paragraph 9.8.2)**
  - £590k to cover the management costs of the new establishment in Commercial. (Paragraph 9.8.3)**
- 1.8 That the write off's for Council Tax £4.565m, Business Rates £0.234m, Accounts Receivable £0.720m and Housing Benefit and Council Tax Benefit Overpayments £0.441m approved under the Chief Finance Officer's authority be noted. (Paragraph 9.9.1)**
- 1.9 That Directors ensure that those capital projects in their services are managed closely to ensure they are delivered within budget and in accordance with the agreed timeframe. (Paragraph 9.10.1)**
- 1.10 That the Children's Service capital redirection £6.9m and the review of council owned assets, including school estates approved at Cabinet on 6 September 2010 be noted. (Paragraph 9.11)**
- 1.11 That the proposed capital virement of £465k for building enhancement within the Accommodation Project in Commercial, be vired to Customer Services for the development of the web project in the Chief Executives Service be approved. (Paragraph 9.12.1)**
- 1.12 That the proposed Capital additions/deletions of £7.020m, slippage of £8.548m and £37.019m deletion for PSCIP future years as set out in Appendix B and the related funding implications summarised in table 7 be approved.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Council, 2 March 2010 (Decision item 145) – approved the Council Budget and Council Tax 2010/11.**
- 2.2 Cabinet Resources Committee, 17 June 2010 (Decision item 18) – approved the Outturn 2009/10.**

- 2.3 Cabinet Resources Committee, 19 July 2010 (Decision item 11) – approved the Monitoring 2010/11.
- 2.4 Cabinet Resources Committee, 2 September 2010 (Decision item 10) – approved the Monitoring 2010/11.
- 2.5 Cabinet, 6 September 2010 (Decision item 12) – approved the Investment Strategy to meet Primary School Places.

### **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 Robust budget and performance monitoring are essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.
- 3.2 'Maximise improvements and savings in 'back office' functions' and 'Make sure we get best value from resources across the public sector, including our people and assets' represent two of the eight key objectives underlying the corporate priority 'Better services with less money' and the strategic objectives.
- 3.3 Relevant Council strategies and policies include the following:
- Medium Term Financial Strategy;
  - Treasury Management Strategy;
  - Debt Management Strategy;
  - Insurance Strategy;
  - Risk Management Strategy; and
  - Capital, Assets and Property Strategy.

### **4. RISK MANAGEMENT ISSUES**

- 4.1 The revised forecast level of balances needs to be considered in light of the risks identified in 4.2 below.
- 4.2 Various projects within the Council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other council priorities will be required.
- 4.3 The integrated corporate risk register is attached at Appendix A.

### **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Financial monitoring is important in ensuring resources are used to deliver equitable services to all members of the community.

### **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance and Value for Money, Staffing, ICT, Property, Sustainability)**

- 6.1 Robust budget and performance monitoring plays an essential part in enabling an organisation to deliver its objectives efficiently and effectively.

6.2 Use of Resources implications are covered within Section 9 of the body of the report and in the attached appendices.

## 7. LEGAL ISSUES

7.1 None arise over and above those referred to within the body of the report.

## 8. CONSTITUTIONAL POWERS

8.1 The Council's Constitution, in Part 3, Responsibility for Functions, states in paragraph 3.6 the functions of the Cabinet Resources Committee including:

- (a) Monitor the trading position of appropriate Council services, carry out debt analysis and look at income sources and charging policies;
- (b) To write off debt;
- (c) To determine external or cross-boundary trading limit; and
- (d) Approval of schemes not in performance management plans but not outside the Council's budget or policy framework.

8.2 Financial Regulations section 4.17 states the Chief Finance Officer will report in detail to Cabinet Resources Committee at least four times a year on the revenue and capital budgets and wider financial standing in addition to two summary reports at the beginning and end of the financial year.

## 9. BACKGROUND INFORMATION

### 9.1 2010/11 Revenue Monitoring

9.1.1 Table 1 gives a summary of the 2010/11 outturn analysis compared to the revised budget position (excluding schools). There is a net overspend of £3.391m being forecast at the end of quarter 2. A breakdown of revenue monitoring by each service directorate is set out in Appendix A.

**Table 1: 2010/11 Revenue Outturn Analysis – Summary**

Description	Original Budget £000	Revised Budget as at 30/09/10 £000	Forecast Outturn as at 30/09/10 £000	Forecast Outturn Variation as at 30/09/10 £000	Performance			
					Green	Green Amber	Amber	Red
Adults	96,232	96,265	96,775	510	2	1		
Central Expenses	53,879	51,756	51,756	-	n/a	n/a	n/a	n/a
Chief Executive	11,962	11,816	11,708	(108)	4	1		
Childrens Services	48,945	48,210	49,491	1,281	4	1		3
Commercial Services	15,632	15,531	15,531	-	4			
Corporate Governance	5,951	5,960	5,985	25	4			
Deputy Chief Executive	11,374	11,697	12,080	383	1			
Environment & Operations	23,351	23,968	25,268	1,300				2
Planning, Housing & Regeneration	2,028	2,124	2,124	-	1			4
<b>Total 2010/11 General Fund Forecast</b>	<b>269,354</b>	<b>267,327</b>	<b>270,718</b>	<b>3,391</b>	<b>20</b>	<b>3</b>	<b>0</b>	<b>9</b>
Allocations agreed from GF Balances	-	-	-	-				
General Fund Balances as at 01/04/10	-	-	-	(15,780)				
<b>Projected General Fund Balances (excluding schools balances) at 31/03/11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,389)</b>				

Description	Original Budget £000	Revised Budget as at 30/09/10 £000	Forecast Outturn as at 30/09/10 £000	Forecast Outturn Variation as at 30/09/10 £000
Dedicated Schools Grant	(124)	(142)	392	534
Housing Revenue Account	-	-	(482)	(482)

9.1.2 Directors are reminded that they are accountable for any budget variations within their services and the associated responsibility to ensure costs and income are managed within agreed budgets. To ensure this is successfully achieved, it is essential that Directors develop action plans for all significant emerging variances, with the aim of ensuring that overall expenditure is kept within the total budget available.

## 9.2 Quarter 2 Performance by Directorate

9.2.1 This quarter there is data available for 32 of the 41 indicators. Amongst those reported, 20 have been met (62%) and 12 have been missed (38%). There are still 10 indicators where no data has yet been reported, of which 3 relate to residents' perceptions.

Three indicators reported in this quarter that were not reported in quarter one and have met their targets are rehabilitation/intermediate care for older people, GCSE attainment and Early Years attainment. A target missed in quarter one but met this quarter is the proportion of customer phone calls answered within five rings.

Two targets met in quarter one but missed this quarter are the proportion of children in care in a Barnet foster placement and the number of net additional homes provided.

Whilst the number of children in care is currently within target, the volume of cases currently being seen by the courts means it is likely that the number of children in care will rise in quarters three and four.

Performance on waste levels and recycling has deteriorated compared to this same point last year. The level of households accepted as homeless is off target and slightly higher than the level in the same quarter last year.

A summary of the results is detailed in table 1.

## 9.3 Commentary about Revenue Outturn and Corporate Plan Performance

9.3.1 The Council's commentary for Revenue and key performance indicators are set out in Appendix A.

## 9.4 Virements

9.4.1 The virements below are all in excess of £1m and require member approval.

### 9.4.2 One Barnet Programme

As part of the One Barnet Programme service directorates agreed budget savings totalling £1.435m in the July CRC (Para 9.1.4) to be taken from 2010-11. The proposed savings virements by directorate are detailed below:

**Table 2: One Barnet Programme Savings 2010/11**

Directorate	£
Adult Social Services	(96,040)
Chief Executive	(37,520)
Children's Service	(264,530)
Commercial Services	(446,580)
Corporate Governance	(12,430)
Deputy Chief Executive	(179,540)
Environment & Operations	(348,740)
Planning, Housing & Regeneration	(49,620)
Central Contingency	1,435,000
<b>Total</b>	-

**9.4.3 1% Salary claw back**

Provision for 1% pay award was assumed and included in the 2010/11 budget.

Local Authority pay is frozen for 2010/11 and therefore the table below shows the proposed virement to central contingency.

**Table 3: 1% Salary Claw back 2010/11**

Directorate	£
Adult Social Services	(189,190)
Central Expenses	(1,880)
Chief Executive	(73,033)
Children's Service	(294,140)
Commercial Services	(56,610)
Corporate Governance	(58,160)
Deputy Chief Executive	(138,387)
Environment & Operations	(172,300)
Planning, Housing & Regeneration	(87,640)
Central Contingency	1,071,340
<b>Total</b>	-

**9.4.4 Supporting People**

The virement below represents the re-alignment of budget from Adults to Children's for services provided by Children's Service Directorate in respect of supporting people.

**Table 4: Supporting People Virement**

Directorate	£
Adult Social Services	(1,301,395)
Children's Service	1,301,395
<b>Total</b>	-

**9.5 Recharges Review**

9.5.1 A review of support service recharges has been undertaken with particular emphasis on charges to the Special Parking Account (SPA). The review is ongoing but the initial focus has been on those services where a more suitable basis for recharging is required, in particular Information Systems and building occupancy. The initial results indicate that in 2009/10 the SPA would have seen a reduction of approximately £124,000 in support service recharges, assuming that the level of activity for 2009/10 was similar to that in the first quarter of 2010/11. Any reduction in charges to the SPA will result in a commensurate reduction in income to the General Fund.

**9.6 S106 Improvements to parks**

9.6.1 Environment & Operations would like to undertake improvements to six of the borough's Parks and Open Spaces. The proposed works include improvements to a play area, fencing, footpaths and furniture. All of the projects contribute to the corporate priority of 'A Successful London Suburb' by making the footpaths in Mill Hill, Watling and Highlands Gardens accessible and safe to use for all users. The replacement of the wooden fence with a new stronger metal fence at Friary Park will ensure a reduction in the annual maintenance costs and improve the appearance and safety of the play area, which contributes to the corporate priority of better services with less money. Risk management issues are addressed as the project to improve the play equipment at Old Court House, will replace equipment that is life expired, thereby increasing public satisfaction. Some re-sitting of equipment to enable age zones will also contribute to reducing risk of injury to users by separating age groups.

**Table 5: S106 Improvements**

Location	Nature of Improvement	£
Old Court House - play equipment	Open space improvements to the Underhill Ward	10,500
Watling Park - footpath and furniture improvements	Towards improving the open spaces and facilities on sites controlled by the council in the Burnt Oak Ward	30,275
Mill Hill Park - footpath and fencing improvements	Improvement and enhancement of recreational public amenity open space within the Mill Hill Ward	9,340
	Public amenity open space in (Mill Hill Ward) to include drainage, fencing, resurfacing, safety in parks and disability access	4,859
Friary Park - improvements to fencing	Improvement to Open Space in Friary Park	10,000
Stoneyfields Park - new furniture	Improvements to public amenity open space in Hale Ward	1,611
Highlands Gardens - drainage and footpath improvements	Landscaping incl. safety (within vicinity of development of 102-108 station road)	5,000
<b>Total Funded by S106</b>		<b>71,585</b>

**9.7 Agency Costs**

9.7.1 The table below details agency costs of temporary staff procured through Hays tempdesk. Expenditure has dramatically decreased in September, though this appears to be an exceptional month and spend could return to normal levels. From 18 October the new reduced mark rates come into force and this should further lower the average monthly spend.

If current spend is projected, the estimated outturn for the year ending 2010/11 would be approximately £9.55m, this is £2.14m less than in 2009/10.

**Table 6: Agency Costs to 30 September 2010**

Service	Qtr 1	Qtr 2
	Agency Spend	Agency Spend
	£	£
Adult Social Services	471,086	432,085
Chief Executive's Service	85,347	84,218
Children's Service	620,824	588,781
Commercial	348,093	314,808
Corporate Governance	55,134	52,007
Deputy Chief Executive	289,695	269,194
Environment & Operations	408,392	417,781
Planning, Housing and Regeneration	181,796	160,123
<b>Grand Total</b>	<b>2,460,367</b>	<b>2,318,997</b>

**9.8 Drawdown from Contingency**

9.8.1 The drawdown from Contingency requested below has been assumed in the Revenue Monitoring in Appendix A.

9.8.2 £390k from contingency to cover the costs of rent for NLBP building 2 and building 4. This is because we have now come to the end of the rent free period. This will be an ongoing budget requirement.

9.8.3 £530k from general contingency to cover the management cost of the approved new establishment in Commercial.

**9.9 Write Offs under Chief Finance Officer's Authority**

9.9.1 The constitution gives the Chief Finance Officer the authority, as an Executive function, to write-off individual debts up to £5,000, subject to discussion with the Assistant Director of Legal and reporting this action retrospectively to Cabinet Resources Committee.

The amounts written off for Council Tax and Business Rates are £4.565m and £0.234m respectively. The total written off for Accounts Receivable is £0.720m and the total amount written off for Housing Benefit and Council Tax Benefit Overpayments is £0.441m.

**9.10 2010/11 Capital Programme Monitoring**

9.10.1 Directors are reminded they need to continue to ensure that capital projects are closely managed during 2010/11 to ensure that they are delivered within budget and in accordance with the agreed timeframe.

**9.11 Children's Capital redirection of funds**

9.11.1 On 6 September 2010 Cabinet approved the redirection of the funds contained within the Children's service Capital Programme (£6.9m) 2010/11 and 2011/12 projects is included in the Capital Monitoring set out in Appendix A.

9.11.2 Cabinet also approved a review of Council-owned assets, including the school estate, to establish any opportunities for capital receipts to help meet the funding requirement for the demand for primary school places

**9.12 Redirection of Accommodation Project Funds**

9.12.1 That the funds of £465k set aside for building enhancement to enable the move of the CCTV within the Accommodation Project in Commercial Services, be vired to Customer Services for the development of the web project within the Chief Executive Service.



### 9.13 Capital Monitoring Analysis

9.13.1 The Capital Monitoring summary and details by service directorate is set out in Appendix A.

### 9.14 Proposed changes to the Capital Programme

9.14.1 Appendix B gives details of the proposed changes to the Capital Programme. These include proposed additions and deletions as well as budget movements.

**Table 7: Capital Funding Changes**

	Grants £000	S106 / Other £000	Capital Receipts £000	Revenue £000	Borrowing £000	Total £000
Adult Social Services	-	-	-	-	-	-
Central Expenses	-	-	-	-	-	-
Chief Executive	-	-	-	-	465	465
Children's Service	(3,360)	95	(5,902)	-	(2,665)	(11,832)
Corporate Governance	-	-	-	-	-	-
Commercial Services	-	-	-	-	(1,950)	(1,950)
Deputy Chief Executive	-	-	-	-	-	-
Environment & Operations	328	654	-	-	-	982
Planning, Housing and Regeneration	-	(1,650)	(1,583)	-	-	(3,233)
<b>General Fund Programme</b>	<b>(3,032)</b>	<b>(901)</b>	<b>(7,485)</b>	-	<b>(4,150)</b>	<b>(15,568)</b>
HRA Capital	-	-	-	-	-	-
<b>Total Capital Programme</b>	<b>(3,032)</b>	<b>(901)</b>	<b>(7,485)</b>	-	<b>(4,150)</b>	<b>(15,568)</b>

## 10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal – MM  
CFO – MC