

AGENDA ITEM: 11 Page nos. 1 – 14 (& enclosures)

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	Outturn 2005/06
Report of	The Leader and Cabinet Member for Resources
Summary	To consider the outturn of revenue, capital and treasury management for the financial year 2005/06 and to pick out potential implications and issues for 2006/07.

Officer Contributors	Chief Finance Officer Head of Strategic Finance
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures <i>(Appendices A & G attached, remainder to be circulated separately)</i>	Appendix A: Summary of Revenue Outturn Variances Appendix B: Housing Revenue Account Appendix C: Special Parking Account Appendix D: Schedule of Reserves & Provisions Appendix E: School Balances Appendix F: Detailed Outturn Variations Appendix G: Movement between Month 9 Monitoring and Final Outturn Report Appendix H(i): Capital Variations Summary Appendix H(ii): Capital Funding Statement Appendix H(iii): Capital General Fund Variations Commentary Appendix H(iv): Housing Revenue Account Variations Commentary Appendix I: Debt Portfolio Appendix J: Prudential Indicators
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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1. RECOMMENDATIONS

- 1.1 That the outturn of revenue and capital for 2005/06 for the General Fund and Housing Revenue Account be noted, incorporating reserves set out in Appendix D and the capital funding set out in the statement at Appendix H(ii).
- 1.2 That slippage of £12.553m in the capital programme be carried forward to 2006/07.
- 1.3 That the treasury management outturn and prudential indicators for 2005/06 be noted.
- 1.4 That the effect of on council tax of changes in Government regulations concerning the capitalisation of redundancies be noted.
- 1.5 That the reliance on prudential borrowing to fund the capital programme be noted and that officers be instructed to continue to maximise capital receipts in order to minimise prudential borrowing in the future.
- 1.6 That officers continue to review the 2005/06 outturn and address any ongoing problems in 2006/07 budget monitoring and consolidate windfall underspends in the base budget.

2. RELEVANT PREVIOUS DECISIONS

Council March 2005

Cabinet Resources Committee – 26 September 2005

Cabinet Resources Committee – 10 November 2005

Cabinet Resources Committee – 05 January 2006

Cabinet Resources Committee – 16 February 2006

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 Effective revenue monitoring is an essential part of ensuring that the Council manages its resources efficiently.
- 3.2 The capital programme is fundamental to all strategic aims of the Council.

4. RISK MANAGEMENT ISSUES

- 4.1 Reviewing the outturn for the previous year and assessing the impact of variances on the current year and next year's base budget is an essential element of financial risk management.
- 4.2 At the time of writing this report the Statement of Accounts were not completed, so there is a risk that some final entries may impact on the outturn positions reflected in this report.

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 The financial implications of this report are dealt with in section 8.
- 5.2 There are no direct staffing, ICT or property implications.

6 LEGAL ISSUES

6.1 None.

7 CONSTITUTIONAL

7.1.1 Reporting of the outturn is part of the budget monitoring framework set out in Financial Regulations. This report also addresses issues arising in 2006/07.

8 BACKGROUND INFORMATION

8.1 Revenue – General Fund

8.1.1 The following provides a summary of the 2005/06 outturn compared to the original budget:-

	Original Budget	Outturn	Variation
	£m	£m	£m
Net Service Expenditure	227.8	223.5	(4.3)
Contribution to/(from) Balances	3.0	6.0	3.0
Contribution from Special Parking Account	6.7	4.9	1.8
Contribution from Schools Reserves	147.3	146.8	(0.5)
Budget Requirement	371.4	371.4	0

8.1.2 At the time the 2006/07 budget was approved by Council in March 2006 the estimated balances as at 31 March 2005 were £9.3m (excluding schools). The final position on balances at 31 March 2005 is £10.486m (excluding schools) – see table below.

	General Fund	Schools	Total
	£m	£m	£m
Brought Forward 1/4/05	5.004	11.030	16.034
Contribution To Balances	2.300	0	2.300
2005/06 Outturn	3.182	0.477	3.659
Outstanding School Advances	0	(0.982)	(0.982)
Carried Forward 31/3/06	10.486	10.525	21.011

8.1.3 School balances at 31 March 2006 stand at £10.525m, which is £0.505m less than 31 March 2004. This is comprised of revenue (£9.211m) and capital (£1.314m).

8.1.4 The outturn takes into account the earmarking of specific reserves and the setting aside of provisions for future liabilities in line with recommended accounting practice – these are set out in Appendix D.

8.1.5 In previous years the External Auditors have highlighted concerns regarding the adequacy of the authority's insurance provision. Following additional contributions to the provision in 2005/06, it now stands at £7.015m. The actuary has noted improvements in

the working and claims handling practices of the insurance team, and consequently a further actuarial assessment may be undertaken during 2006/07 in time to be taken into account in the 2007/08 budget process.

- 8.1.6 A reserve has been established to meet costs arising from future restructures. Over the past three years a capitalisation Direction has been obtained but the Government has recently changed its interpretation of the regulations, resulting in reduced opportunity to capitalise costs associated with major structural change. The impact of this change is to put ongoing pressure on council tax within the Financial Forward Plan, and results from the Treasury's concern to control the Public Sector Borrowing Requirement at the expense council tax and services.
- 8.1.7 To meet the requirement to keep a separate record of income and expenditure related to parking places on the highway, a statutory reserve account has been operating since the commencement of the borough wide enforcement of parking controls by the Council. A summary of the Parking Control Account for 2005/06 is set out below, and in more detail at Appendix C:-

	£000
Balance brought forward 1/4/05	(12)
Net revenue surplus for year	(5,169)
Capital Funding	258
Transfer to General Fund	4,853
Balance at 31 March 2006	(70)

- 8.1.8 Parking income remains a risk in 2006/07 and further comments are contained in 8.6.11.
- 8.1.9 Details of individual school balances are given in Appendix E.
- 8.1.10 The last revenue budget monitoring for 2005/06 was presented to this committee on 16 February 2006 and forecast general fund balances of £7.410m. Subsequent to this, the forecast was revised to £9.3m in the budget report to Council in March, due mainly to the announcement of Local Authority Business Growth Incentive (LABGI). The final position after allowing for reserves is £10.486m. Service summaries are set out in Appendix A and the most significant variations for each Head of Service are outlined below.

Adult Social Services

The outsourced contract for the older adults care homes is the subject of ongoing negotiations with the contractor, as reported to Members on a number of previous occasions. There is capital provision for costs caused by delays in the rebuild programme. The contractor has also indicated difficulties with the revenue costs of the service that may result in a request for an increase in the bed price. There is no budgetary provision in 2006/07 for increases above the annual contractual rates. The Council is undertaking a detailed review of the business plan for this contract.

The Learning Disabilities Re provision programme is continuing. As new services are developed there may be revenue costs associated with the remodelling of existing services. The younger adults budgets will be kept under review as the remodelling progresses.

In 2005/06 there was a significant overspend on staffing costs in some of the younger adults provider units. All the 2006/07 staffing budgets have been reviewed with the

service managers. The Assistant Director for Younger Adults has met with all the budget holders and established appropriate control mechanisms. These budgets will be closely monitored during 2006/07.

Children & Families

Throughout the year Children & Families forecast significant overspends on looked after children placement costs. These were contained within the overall service budget by planned underspends, mainly in supporting families.

Education

The main reasons for the increase in the underspend of £1.1m are as follows:-

- SEN placement costs of (£546,000), due mainly to a review of previous years creditors;
- payments of grants to private nurseries continued to be below expectations, leading to a further reduction of (£162,000);
- a budget of £160,000 re provision of playing field for London Academy was not needed;
- match funding for schools grants of £93,000 was not required, due to an unexpected DfES contribution.

An increase of £165,000 in Libraries expenditure was due to a rates refund being taken centrally, There was also an increase in SEN transport (£67,000), due to increased charges and management fees.

The balance of the variance is due to lower staffing costs and income exceeding expectations in a number of areas.

Environmental Services

Savings of £274,000 in refuse and recycling arose from a year end decision by the CFO to fund expenditure on recycling boxes from capital over 5 years rather than revenue and the late start of additional green waste rounds.

Bringing forward the 2006/07 planned administrative savings in Environmental Health plus the anticipated agency costs not arising due to recruitment difficulties generated further savings of £213,000.

There was also additional income of £85,000 within the Transport team arising from higher responsive transport demand from other services.

These benefits are partially offset by reduced savings of £130,000 as a result of the transfer of the CCTV service (and consequently also the transfer of efficiency savings) to Law & Probity.

Highways & Design

The final reduction in parking income was £522,000 higher than forecast when the budget was finalised.

There was additional fee income from non general fund schemes (£124,000), additional RASWA and rechargeable income (£52,000) and reduced expenditure on public lighting (£49,000) and highways responsive maintenance (£264,000). The reduction in responsive maintenance stems from a service restructure in year which led to some delays in the work programme and this coupled with the effects of the weather and reduced demand resulted in larger than planned underspend on works. This has

resulted in some commitments and carry over of works to 2006/7

Housing

The overall position for Housing General Fund is an underspend of £1.28m against the latest approved budget, compared to a forecast overspend of £218,000 at month 9.

The reduction in the net cost of benefits from the month 9 projection was brought about by achieving a slightly better than forecast rate of subsidy against the £96m of rent allowances expenditure, which accounted for an improvement of just over £400,000, together with additional cash recovered from overpaid benefit of almost £70,000.

Administrative costs were £280,000 lower than previously forecast, almost half of this being due to a decision by the Chief Finance Officer to set expenditure against the Pericles capital budget. Savings in the net cost of housing needs and resources services, which substantially comprises homelessness prevention and providing temporary accommodation were greater than expected at month 9 by approximately £750,000. This was mainly due to a faster increase in numbers moving from overnight accommodation to private sector leased accommodation and accelerated renegotiation of agreements with housing association providers, leading to reduced management fees. In addition, modelling of TA income and expenditure continues to be refined and the data used for this has become more robust over time.

8.2 Housing Revenue Account (HRA)

8.2.1 The HRA outturn for 2005/06 compared to the latest approved budget is set out in Appendix B. There is a contribution of £2.093m from the working balance. Under the revised financial regime for the HRA introduced by the Local Government and Housing Act 1989, the account is ring-fenced and any balances are retained within HRA.

8.2.2 There are a number of variances from the budget. Supervision and management expenses were £594,000 above budget, substantially because of increases in service level agreement charges from the Council to Barnet Homes and to the HRA directly. "Other expenses" includes landlord's insurance costs, but the increase here is substantially offset by additional supervision and management income.

8.2.3 The HRA is subject to strict rules as to how the cost of capital is dealt with, i.e. depreciation, interest and amortisation of intangible assets. The overall net effect of those rules is for the account to bear actual interest charges, debt management expenses, amortisation in respect of any premium for early repayment of loans and depreciation up to a fixed amount. The additional amount in excess of the budget provision amounted to £583,000, of which £378,000 relates to amortisation not anticipated when the budget was set, with the balance being extra interest and debt management costs.

8.2.4 HRA subsidy exceeds the budget provision, mainly as a result of a prior year adjustment of £562,000.

8.2.5 A review of outstanding debts in respect of all sources of HRA income has resulted in an additional contribution to the bad debt provision of £330,000.

8.2.6 A revenue contribution to capital expenditure has resulted from a lower level of leaseholder contributions. It should be noted that this is a timing issue only and that there is no overall reduction in the element to be financed from leaseholder major works charges.

8.3 Capital

8.3.1 In the capital programme approved by Council in March, a final outturn for 2005/06 of £86.335m was projected. This projection did not include schools capital expenditure funded from schools resources including previous years devolved allocations. The final outturn position is £78.932m as detailed in the table below:

	Budget (final revised) £000	Outturn £000	Variation £000
Approved General Fund	58,630	48,537	(10,093)
Schools DFC	5,061	4,850	(211)
Net TfL Adjustments	(1,329)	(1,329)	0
Adjusted General Fund	62,362	52,058	(10,304)
HRA	27,705	26,874	(831)
Total	90,067	78,932	(11,135)

8.3.2 The net variation is £11.135m. Approval is sought to carry forward £12.216m of slippage into the 2006/07 programme. The proposed funding of this slippage is as follows:-

- £1.507m (12%) from grant
- £0.205m (2%) from s106 planning contributions
- £0.194m (2%) from capital receipts
- £10.310m (84%) from borrowing

8.3.3 Explanations for project variations are provided at Appendix H(iii) for the General Fund and Appendix H(iv) for the Housing Revenue Account.

8.3.4 The funding analysis attached at Appendix H(ii) shows that capital expenditure is funded as follows:-

- £13.039m (17%) of the total from grant,
- £7.524m (10%) from Insurance settlements, s106 Planning and other external contributions,
- £5.461m (7%) from revenue and Major Repairs Allowance,
- £10.472m (13%) from capital receipts
- £42.436m (54%) from borrowing.

8.3.5 There is now a considerable reliance on prudential borrowing to fund the capital programme. Whilst the Financial Forward Plan incorporates the impact of this on council tax as part of the affordability test, it is important to maximise the level of capital receipts in order to minimise prudential borrowing in the future.

8.3.6 £23.339m of the borrowing in 2005/06 was considered (by Government) to be supported through the Formula Grant system, but this is debatable for councils like Barnet at the grant floor.

8.3.7 The adjusted General Fund Budget includes £3.135m Devolved Capital allocated to schools and £0.200m Specialist Schools Grant devolved to schools in 2005/06. These grants are transferred directly into schools bank accounts. Standards Fund regulations allows Schools to roll forward any unspent balance of their entitlement for up to 3 years . Total capital outturn includes £7.981m spent by schools of which £3.880m is funded from schools' resources and £4.101m from devolved grants.

- 8.3.8 In 2005/06 Surestart Sustainability Grant was used to fund expenditure totalling £0.117m. The expenditure was incurred on external paving at Parkfield, internal renovations to existing buildings at Wingfield and expansion of childcare provision by private and voluntary groups.
- 8.3.9 The Surestart Unit has agreed an indicative capital grant for 2006/07 and 2007/08 of £3.323m and £3.063m respectively. The ringfences between different parts of Surestart Capital grants have been relaxed, and this money is available to fund capital work on Children's Centres, extended schools as well as sustainability. Detailed plans for the use of the grant, and any rephasing needed, have not yet been finalised. No match funding is required. This is being included in the capital programme, subject to detailed proposals for utilisation being submitted for approval at a later date
- 8.3.10 In the capital programme approved in February, an error was made re the utilisation of the Primary School Modernisation grant for 2006-07 and 2007-08. The allocations totalled £2.081m in each year, and the programme assumed that £0.8m was to be used as contingency for the Parkfield scheme, and £2.5m was to be used for the rebuilding of the Hyde school, leaving no grant available in 2006-07 and £0.862m available in 2007-08. This does not reflect the reports to Cabinet Resources Committee on 28th April 2005 which showed the use of £1.650m of S106 receipts and £0.85m of 2007-08 Primary School Modernisation grant as a contingency provision at the Hyde, and on 16th December 2004 showing the use of £0.8m of 2007-08 Primary School Modernisation grant as a contingency at Parkfield. The necessity for these provisions was to be reviewed after tenders were received. Modelling for the Primary Schools Capital Investment Programme has assumed that £0.295m of the grant in each of 2006-07 and 2007-08 will be used for the Programme.
- 8.3.11 The Capital Programme will be amended to show that the Primary School Modernisation scheme has £2.081m in 2006-07 and £0.431m in 2007-08 with a note that £0.295m is earmarked for the Primary Schools Capital Investment Programme in each year. The note to the Hyde scheme will be amended to reflect the funding of £0.85m from Primary School Modernisation grant and £1.65m from S106 receipt.
- 8.3.12 The Housing Association Programme and Regeneration relates to both supporting Registered Social Landlords in the provision of affordable housing, with nomination rights being given to the Council in exchange, and investing in site assembly and the re-acquisition of properties from right to buy purchasers in the event of hardship on the Grahame Park and Stonegrove regeneration estates. The outturn for 2005/06 is £8.129m and this includes £3.740m for Stonegrove and £1.486m for Grahame Park. The Stonegrove scheme was partly funded by Supported Borrowing of £3.020m from the London Housing Board, which represents a change from the original proposal to pay the council a capital grant. Given the council is at the grant floor it is debateable whether this change is neutral on the council's finances.
- 8.3.13 Grants of £0.818m was awarded to the private sector, against a budget of £1.116m. The only government funding available to support this type of expenditure is for disabled facilities grants, where 60% is available, up to an allocated amount for any one year.
- 8.3.14 The original bid to set up Barnet Homes that was submitted to the Government was based on £88.5m to provide decent homes across the Council's stock. In September 2005 Barnet Homes provided an updated bid for £96m, using updated costs and stock condition information. In late February 2006, the Government responded to the submission and allocated funding for 2006/07 and 2007/08 to bring the cumulative total

to 31 March 2008 to £48.78m, which after taking account of proposed expenditure through to 31 March 2011 brought the full funding to £87.92m. This presents a significant difficulty in fulfilling the decent homes objectives and Barnet Homes, in liaison with the Head of Housing, are currently finalising options to deal with the funding shortfall.

8.4 Treasury Management

8.4.1 The Economy

Short-term interest rates – Base rate started 2005/06 at 4.75%, having remained unchanged at this level since August 2004. It fell to 4.5% in August 2005 and remained at that level for the rest of the year. Consumer expenditure and housing activity slowed during 2005 although the housing market did pick up later in the year and in quarter 1 2006. High oil prices and major increases in utility prices reduced spending power and had a negative impact on sentiment. Unemployment claimant count increased each month during the year while output in the manufacturing sector was actually in recession for the first two quarters of 2005. GDP growth picked up from a low point of 1.7% y/y in Q2 to 2.3% in Q1 2006 i.e. still slightly below the average long term growth rate of 2.5% p.a.

Long-term interest rates – The PWLB 25-30 year rate started the year at 4.75% and fell to a low of 3.85% before rising back to a new peak of 4.25% at the end of the year. Fifty year gilts were launched in 2005 and on 7 December, the PWLB introduced new PWLB borrowing maturity periods longer than 25-30 years and up to a maximum of 45-50 years. The longest band started at a rate of 4.20% and the rate bottomed at 3.70% in late January before ending year at 4.15%.

8.4.2 Borrowing Performance

The Council took out loans totalling £77m during 2005/06 from the PWLB and market. The terms and rates of these loans are displayed in the chart below, with the average PWLB rate for these maturities also displayed for comparative purposes.

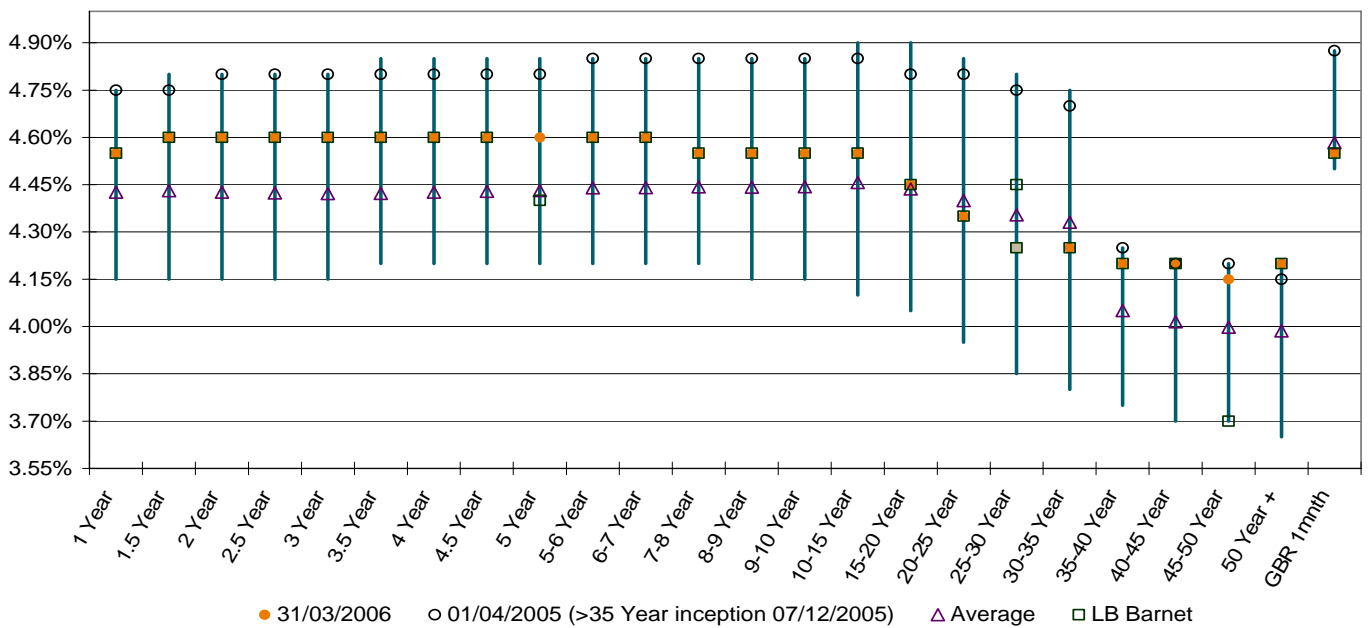
A benchmark rate of 4.75% for borrowing was set during the budget setting process for 2005/06 and incorporated in the Treasury Management Strategy for the year. All new borrowing during the year was completed at interest rates below the benchmark rate, and the average rate for all borrowing was 4.27% at 31 March 2006.

The PWLB normally accept repayment of a loan in advance of the date on which the repayment is due to be made. When a loan is prematurely repaid a discount or premium will be received or paid on that particular loan. The council's current debt portfolio has PWLB loans that would receive a notional £4.3m in discounts, which is a measure of the advantageous interest rates on loans taken out over the past two years. This figure is not necessarily realisable as the PWLB do not accept premature repayment of loans that have been in existence for less than one year, and the council would have to replace these loans at similar or better rates in order to benefit from this discount. If and when it is advantageous to redeem these loans the Chief Finance Officer will do so.

Amount	Term (years)	PWLB %	Market %	Comparative Rate ¹ %
£14m	25.5	4.45		4.35
£5m	5		3.79	4.43
£22m	30	4.25		4.33
£5m	10		3.67	4.46
£5m	5		3.52	4.43
£20m	49	3.70		4.30
£6m	5	4.40		4.43

The graph below illustrates the range (high and low points) in PWLB rates for each maturity period during the financial year 2005/06. Within this graph are the four PWLB loans taken out in 2005/06, showing how they compare to the high and low rates for the relevant maturity period.

Graph: PWLB rates 2005/06.



1

This is the average PWLB maturity loan rate during the year for this loan period, e.g. 4.89% for 3 years as opposed to 3.55% for the same period achieved by taking the market loan.

8.4.3 Current Portfolio

The Council's debt position at the beginning and end of the year was as follows:

	31 March 2006		31 March 2005	
	Principal	Average Rate	Principal	Average Rate
PWLB	£81.00m	4.27%	£19.00m	4.72%
Market	£24.50m	3.60%	£9.50m	3.50%
Temporary	£0.13m	4.32%	£0.13m	4.36%
	£105.8m	4.27%	£28.5m	4.32%

The council's debt portfolio is a mixture of PWLB and market loans in the form of LOBOs. LOBOs are loans that are at a fixed interest rate for an initial period. At the end of the fixed period the lender can change the interest rate, but the borrower has the option to repay the loan if the rate is changed. The council's debt maturity profile is attached as appendix I.

8.4.4 Investment Performance

Investments are managed internally. The average investment throughout 2005/06 was £90.97m, achieving a rate of 4.62% against a benchmark of 4.54%. The benchmark is the average 7-day LIBID rate (uncompounded), sourced from the Financial Times.

The council exceeded the benchmark return for 2005/06 by 0.08%, which based on the average balance invested for the year produced £73,000 additional interest. This was achieved by investing available balances over a range of periods (to 364 days) and monitoring fluctuations in interest rates to achieve the best return possible.

No institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

8.4.5 Budget Impact

The original budget for debt charges and interest earnings was £6.3m. Through budget monitoring during the year the forecast was reduced to £4.3m. The final outturn was £2m. Although a prudent approach is taken to monitoring this budget throughout the year, the model will be reviewed to improve forecasting as much as possible.

8.5 Prudential Indicators

8.5.1 Treasury Limits & Code of Practice

During the financial year the council operated within the treasury limits and prudential indicators set out in the Treasury Policy Statement and annual Treasury Strategy Statement. The outturn for prudential indicators is shown in Appendix J.

8.6 Considerations for 2006/07

- 8.6.1 Recent legal opinion on the interpretation of local authority error within housing benefit subsidy will have an adverse effect on the subsidy position. This is currently very difficult to quantify and emphasises the need to monitor performance very closely.
- 8.6.2 The temporary accommodation budget was reduced by £850,000 in the 2006/07 budget. Considerable effort is being directed towards reducing the use of temporary accommodation to meet the 2010 target of a 50% reduction. Further savings may therefore be possible during 2006/07, but no commitment can be given at this stage and the income and expenditure will be very closely monitored on a monthly basis.
- 8.6.3 There was a significant overspend on Looked After Children (£942,000) in 2005/06, which was managed by planned underspends – mainly in Supporting Families. In 2006/07 there is a business plan savings target of £750,000 which will require a significant reduction in LAC costs to achieve a balanced outturn position. This will be dependent on three key issues:- (i) reducing the total number of children in care, (ii) continuing to switch numbers from external to internal resources and from residential to foster care, and (iii) achieving unit cost reductions for external placements.
- 8.6.4 The Interpretation & Translation service is a demand led service that is experiencing continuing budget pressure within Children's Services. It is likely that the overspend of £90,000 in 2005/06 will continue into 2006/07, which will require the service to find compensating savings.
- 8.6.5 As set out in the 2006/07 budget report, the continued delay in external audit arrangements for the Asylum Seekers reimbursement claim continues to expose the authority to the risk of non-reimbursement of expenditure by central Government.
- 8.6.6 The final street lighting PFI tender was agreed in April 2006 and there is an estimated ongoing revenue saving in excess of £100,000 per annum.
- 8.6.7 Whilst the overall budget target for non general fund income within the Design & Build team was exceeded in 2005/06, the position was helped by additional TfL work and the resulting fees. Management action will need to be taken to keep within budget in 2006/07.
- 8.6.8 There is an ongoing increase in responsive demand for use of vehicles by various council services. Whilst the Transport Service was able to contain these costs in 2005/06, this cannot be relied on in future years and an initial impact for 2006/07 suggests this increased demand might cost £100,000.
- 8.6.9 The 2006/07 budget had assumed that golf courses would be externalised and £18,000 income achieved through leasing. There has been a poor response to the tenders and only one golf course has been leased. In addition to the potential loss of budgeted income, the need to carry out minimal maintenance on golf courses (or grass them over) could lead to additional costs in excess of £30,000.
- 8.6.10 Cabinet in October 2005 re-established a pest treatment service fully financed through fees and charges payable by users of the service with a scheme of discounts for those on means tested benefits. Estimates for the service were included in the 2006/7 budget on the basis of a self-funding arrangement and initial projections based on the first weeks of service indicate that it is covering its costs.

- 8.6.11 During 2005/6 a significant projected net overspend was reported for the Special Parking Account, which is reflected in the outturn (see 8.1.7 & 8.1.8). Based on estimates in February, net income in 2006/07 was reduced by £1.5m. Early monitoring in 2006/7 is now forecasting that whilst income for on and off street parking, CCTV and permits is estimated to be largely in line with budgets, there is a continuing reduction in the number of PCNs being issued. The current projection is a further £1m reduction in income in 2006/07 may arise. Management action is being taken to contain the impact of this in the overall budget.
- 8.6.12 Following the Council election results in May, the Liberal Democrat Group fell below the required threshold to have a political assistant. Consequently, the budget allocation for that post will be returned to balances.
- 8.6.13 In setting the 2006/07 budget an allocation was set up in the central contingency for new responsibilities in respect to the Civil Contingencies Act, Election Bill and Registrar's Offices. Bids for allocations from the central contingency will be made in due course.
- 8.6.14 The lease for the long-term occupation of North London Business Park, which was approved by Cabinet Resources Committee in July 2005 (subject to costs being finalised) will be finalised in the near future. The impact will be reported in budget monitoring.
- 8.6.15 Wave 1 of the Primary Schools Capital Investment Programme (PSCIP) is a priority for the council over the next 3-5 years. Since the report to this committee in December, there has been extensive consultation with the public and schools, particularly those involved in Wave 1. There will be a separate report to this committee outlining the proposed procurement process. Officers have submitted a bid to the DfES to become a Pathfinder for the Primary Capital Programme. A review of the financial implications will be included in a report to Members in the Autumn, at the same time approval is sought to proceed with Wave 1.
- 8.6.16 The latest forecast of interest rates for the remainder of the year is higher than those assumed in the 2006/07 budget. Whilst the longer term forecasts are more favourable, this could impact on the cost of future prudential borrowing.
- 8.6.17 The financial position of the local NHS services will continue to be a concern in 2006/07. Adult Services works closely with Barnet PCT to ameliorate any impact of service changes on Council budgets or clients, however, early data collection suggests that reductions in hospital provision may have a major impact on social care budgets. This will be monitored throughout 2006/07.
- 8.6.18 Adult Services agreed an efficiency target of £200,000 as part of the 2006/07 budget process. This will be delivered this efficiency through the remodelling of business support functions within the service.
- 8.6.19 The enhancement and development of direct payments to service users will continue to be a priority in 2006/07, and it is proposed that resources be transferred from homecare to direct payments to reflect this expansion. Staffing to support this service will be reviewed as part of the modernisation of younger adult services and business process remodelling.
- 8.6.20 Energy costs rose sharply in the second half of 2005/06, leading to overspends within the public offices budget. Although the budget was increased in 2006/07, if prices continue to rise there may be a further overspend in 2006/07.

- 8.6.21 The Resources restructure is progressing but there may be pressure on the budget in the early part of 2006/07.
- 8.6.22 The SEN transport budget overspent by £400,000 in 2005/06, due to a combination of more school days in the financial year and increasing contract rates. Whilst the number of school days reverts to normal in 2006/07, contract inflation is expected to be high, as fuel costs etc. rise.
- 8.6.23 Staffing budgets, which incorporate normal vacancy/turnover allowances, in several areas of Education (e.g. Libraries, Youth, Asset Management and Fair Funding) are under pressure following restructures. Education HR, for example, is currently at risk of overspending by £100,000. The Chief Education Officer is exploring the scope to vire budgets from areas that have underspent in the past.
- 8.6.24 Most budget savings and efficiencies within Education and Children's Services have been implemented, but the implementation of savings in Children & Family Centres, Play, and the SEN Performance Team will need to be kept under review.
- 8.6.25 The final calculation of the Dedicated Schools Grant (DSG) for 2006/07 is £257,000 less than anticipated, due to an over-estimation by Government of the numbers of children in private and voluntary nurseries. The effect of this can be controlled by reducing the budget for grants to private and voluntary nurseries, so there should be no net impact on the council.

9. LIST OF BACKGROUND PAPERS

- 9.1 Council Budget Books 2005/06 and 2006/07
General Fund Revenue Account
Housing Revenue Account

Any person wishing to inspect the background papers should telephone 020 8359 7249

Legal:
CFO: JB

Appendix A

<u>Head of Service</u>	<u>Original Budget</u>	<u>Latest Budget</u>	<u>Outturn</u>	<u>Variance on Latest Budget</u>
Adult Social Services	70,510,630	70,868,060	70,456,321	(411,739)
Central Expenses	12,595,810	1,474,372	694,333	(780,039)
Children & Families	25,993,880	26,458,193	26,324,984	(133,209)
Education	56,100,360	55,837,182	54,320,769	(1,516,413)
Environment	21,379,510	23,649,668	23,221,609	(428,059)
Highways & Design	7,123,260	11,634,986	9,902,916	(1,732,070)
Housing	5,167,290	5,343,329	4,062,674	(1,280,655)
Law & Probity	3,972,350	4,245,296	4,280,882	35,586
Planning	680,080	653,281	642,610	(10,671)
Resources	21,140,280	24,506,773	25,878,841	1,372,068
Strategic Development Unit	407,600	453,719	478,245	24,526
Strategic Directors	2,720,840	3,446,601	3,272,818	(173,783)
	227,791,890	228,571,460	223,537,002	(5,034,458)
Schools	147,310,340	147,253,320	146,776,257	(477,063) *
Contribution to Balances	3,000,000	2,300,000	5,959,245	3,659,245 *
Ring fenced Reserves	(6,766,000)	(6,788,550)	(4,936,274)	1,852,276 #
	371,336,230	371,336,230	371,336,230	0
<u>General Fund Balances</u>				
Balances 31/3/05	(5,004,004)	(5,004,004)	(5,004,004)	
Budgeted contribution to balances	(3,000,000)	(2,300,000)	(2,300,000)	
Net underspend (excluding schools)	0	0	(3,182,182)	* net of schools
Balances 31/3/06	(8,004,004)	(7,304,004)	(10,486,186)	

Mainly contribution from Special Parking Account

HOUSING REVENUE ACCOUNT					
Service	2005/6				
	Original Budget	Latest Approved	Actual Expenditure	Variance	Remarks
	£	£	£	£	
EXPENDITURE					
Supervision & Management:Expenses	19,699,080	19,699,080	20,292,639	593,559	Increased cost of Service Level Agreements, both to Barnet Homes and to the HRA
Other Expenses	106,220	106,220	1,275,696	1,169,476	Landlord's insurance - substantially recovered from Leaseholders
Repairs & Maintenance	8,458,000	8,458,000	8,666,910	208,910	
Capital Charges :-					
Cost of Capital	550,000	550,000	39,219,173	38,669,173	Budget shows net amount, AMRA adjustment offsets
Depreciation	8,112,170	8,112,170	15,635,627	7,523,457	Increased due to revaluation of assets
Amortisation of Deferred Charges			1,092,705	1,092,705	Amortisation of debt premia and intangible assets
Housing Benefits	500,000	500,000	540,000	40,000	
Exchequer Subsidy	8,300,000	8,300,000	9,153,280	853,280	Prior year adjustment £562k, balance is capital charges
Increase in bad debt provision	0	0	330,315	330,315	Provision for bad debts re rents, service charges and commercial premises
	45,725,470	45,725,470	96,206,345	50,480,875	
INCOME					
Supervision & Management:-					
Income	(5,656,360)	(5,656,360)	(6,983,070)	(1,326,710)	Leaseholder service charges and insurance
Rent Income:-					
Dwellings	(38,984,000)	(38,984,000)	(38,488,863)	495,137	
Garages	(721,000)	(721,000)	(709,251)	11,749	
Other	(698,790)	(698,790)	(814,535)	(115,745)	
	(46,060,150)	(46,060,150)	(46,995,719)	(935,569)	
NET COST OF SERVICES	(334,680)	(334,680)	49,210,627	49,545,306	
Capital Charges:-					
Adjustment to AMRA	0	0	(39,178,760)	(39,178,760)	Notional interest offset and intangibles write-down - see capital charges
Interest & Miras	(300,000)	(300,000)	(407,794)	(107,794)	
NET OPERATING EXPENDITURE	(634,680)	(634,680)	9,624,073	10,258,752	
Appropriations:-					
Revenue Contributions to Capital	0	0	241,487	241,487	Leaseholder major works contributions lower than forecast
Transfer to/ (from) Major Repairs Reserve	0	0	(7,523,420)	(7,523,420)	Offsets increased depreciation charges
Housing Revenue Account balance:-					
Contribution to/(from) Working Balance	634,680	634,680	(2,342,140)	(2,976,820)	
(SURPLUS)/DEFICIT	0	0	0	0	

Revenue Budget 2005-06

Special Parking Account

	2004-05	2005-06	2005-06	2005-06	2005-06
	Actual	Original Estimate	Revised Estimate	Current Estimate	Actual
	£	£	£	£	£
Income					
Penalty Charge Notices	(5,017,121)	(6,552,400)	(6,552,400)	(6,552,400)	(5,366,690)
Residents Permits	(875,731)	(1,240,000)	(1,240,000)	(1,240,000)	(1,087,078)
Pay & Display	(2,718,767)	(3,105,000)	(3,105,000)	(3,105,000)	(2,964,882)
CCTV Bus lanes	(614,924)	(1,500,000)	(1,500,000)	(1,500,000)	(1,242,239)
Total Income	(9,226,543)	(12,397,400)	(12,397,400)	(12,397,400)	(10,660,889)
Operating Expenditure	4,367,771	5,120,700	5,137,767	5,137,767	5,491,822
Net Operating Surplus	(4,858,772)	(7,276,700)	(7,259,633)	(7,259,633)	(5,169,067)
Add Capital Expenditure / Debt Charge	16,214	535,700	535,700	535,700	258,585
Net Expenditure in Year	(4,842,558)	(6,741,000)	(6,723,933)	(6,723,933)	(4,910,482)
Balance brought forward	(19,518)	(15,218)	(15,218)	(15,218)	(12,076)
Appropriation to General Fund	4,850,000	6,691,000	6,673,933	6,673,933	4,852,558
Balance Carried Forward	(12,076)	(65,218)	(65,218)	(65,218)	(70,000)

Appendix D

NEW Provisions

Service	Amount	Reason for Provision
Planning	£21,250.00	Historic Economic Regeneration Scheme (HERS) project.
Planning	£171,000.00	Earmarked reserve for PDG related projects - £61K Corporate LDF work, £30k SPD (sustainable design) , £55k UDP (adoption challenge), £15k N12 (town centre study), £10k Customer Care.
Planning	£33,000.00	Corporate IT integration/E Planning - e-government and e-planning corporate initiatives and GIS / Ocella upgrades to meet BVPI 205
Central	£18,663.00	Fire Damage to Brent Park
Core	£292,873.34	Temporary and agency staff - potential income query
Corporate	£1,485,713.00	Provision for Pensions Strain - years 2-4

Total	£2,022,499.34
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Existing Provisions posted/c/fwd/newly created

Environment	£25,000.00	Asia Urbs
Central	£79,834.00	SEN Ombudsman case
Central	£461,841.36	Underhill Stadium Legal Costs
Education	£17,590.00	Hilton Avenue backdated rates
Education	£18,470.00	Big Lottery Fund - grant repayment
HRA	£60,000.00	Hyde House
HRA	£45,000.00	Sovereign House
Central	£6,731,582.00	Insurance Provision
Central	£15,375.00	Grants to Voluntary Sector
Adult SS	£2,480.00	S117 charges Ref 32423
Central	£4,000.00	Inclusive Play Opportunities Play
Central	£3,860.00	YMCA Church Farm Youth Project
Central	£500.00	Barnet Somali Community Group
Central	£6,000.00	Richmond Fellowship
Central	£17,500.00	YMCA Church Farm Youth Project
Central	£17,640.00	Barnet Voluntary Service Council
Central	£25,000.00	BARNET MULTICULTURAL COMMUNITY CENTRE
Core	£120,000.00	SAP Cash Legacy
Housing	£196,000.00	Lost housing benefit

Total	£7,847,672.36
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Appendix D

New Reserves

Service	Amount	Reason for Reserve
Core	£500,000.00	Utilities costs
Core	£3,000,000.00	To meet potential future redundancy and pension costs where a capital direction has previously been
Core	£800,000.00	IT Licences
Core	£1,000,000.00	Capital Reserve
Total	£5,300,000.00	

Existing Reserves

Service	Amount	Reason for Reserve
Libraries	£3,617.77	Museum reserve fund
Environment	£90,000.00	Barnet DDA H&D reserve
Core	-£337.25	incorrect legacy roundings
Highways	£28,000.00	Highways - PFI Street Lighting Reserve
Central	£9,590.00	DDA Leisure
Core	£187.61	External insurance interest
Core	-£2,312.05	Brent Lodge charity
Housing	£46,030.00	Hendon Masterplan (CRC 27/9/04)
Central	£117,486.53	Local lottery
Education	£13,500.00	Buffer Bear Nursery
Total	£305,762.61	

Appendices E and F

Outturn 2005/06

For copies of these appendices please telephone 020 8359 2037

Appendix G

Change In Revenue Outturn Position (February CRC - Final Outturn)

<u>Service</u>	<u>CRC February</u>	<u>Outturn</u>	<u>Movement</u>
Adult Social Services	(420)	(412)	8
Central Expenses	(1,797)	(780)	1,017
Children & Families	(101)	(133)	(32)
Education	(453)	(1,516)	(1,063)
Environment	(16)	(428)	(412)
Highways & Design (exc. SPA)	(1,257)	(1,732)	(475)
Housing	218	(1,281)	(1,499)
Law & Probity	145	36	(109)
Planning	21	(11)	(32)
Resources	2,246	1,372	(874)
Strategic Development Unit	9	25	16
Strategic Directors	0	(174)	(174)
	(1,405)	(5,034)	(3,629)
Reduced Contribution from SPA	1,299	1,852	553
Budgeted Contribution to Balances	(3,000)	(3,000)	0
Approved Variations	700	700	0
	(2,406)	(5,482)	(3,076)
Balances @ 31 March 2005	(5,004)	(5,004)	0
Balances @ 31 March 2006	(7,410)	(10,486)	(3,076)
LABGI	(1,900)		
Forecast Balances (March 2006)	(9,310)		

SUMMARY OF SPENDING VARIATIONS**GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN**

Service	2005-06		Variation from Budget £000
	Budget £000	Spend £000	
Adults Services	5,616	2,528	(3,088)
Central Expenses	2,588	1,498	(1,090)
Children & Families Services	227	101	(126)
Education	21,588	17,463	(4,125)
Environmental Services	2,319	1,479	(840)
Highways & Design	10,998	10,313	(685)
Law and Probity	263	190	(73)
Resources	9,934	10,695	761
Strategic Development	145	173	28
Housing - General Fund	10,013	8,947	(1,066)
Sub totals	63,691	53,387	(10,304)
Other			
Highways & Design, TFL - adjustments and revenue element of allocation	(1,329)	(1,329)	0
Total - General Fund	62,362	52,058	(10,304)

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2005/06 OUTTURN

Service	2005/06		Variation from Budget £000
	Budget £000	Spend £000	
Cash Incentives	750	715	(35)
Housing Renovation Programme	26,214	25,832	(382)
HRA Regeneration	741	327	(414)
Total - Housing Revenue Account	27,705	26,874	(831)

Total - GF and HRA	90,067	78,932	(11,135)
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2005-06 Capital Funding Summary

CAPITAL PROGRAMME

General Fund	Total Spend	Grants	Other	Revenue / MRA	Capital Receipts	Borrowing	TOTAL
Service	£000	£000	£000	£000	£000	£000	£000
Adults Services	2,528	0	0	0	2,000	528	2,528
Central Expenses	1,498	538	0	0	960	0	1,498
Children & Families Service	101	26	0	0	0	75	101
Education Service	17,463	6,940	4,846	91	0	5,586	17,463
Environmental Services	1,479	527	294	0	0	658	1,479
Highways & Design	8,984	4,109	2	143	0	4,730	8,984
Law & Probity	190	0	0	0	0	190	190
Resources	10,695	274	0	856	2,981	6,584	10,695
Strategic Development	173	118	0	0	0	55	173
Housing - General Fund	8,947	507	1,982	0	405	6,053	8,947
Total - General Fund	52,058	13,039	7,124	1,090	6,346	24,459	52,058
Housing Revenue Account							
Cash Incentives	715	0	0	0	0	715	715
Housing Renovation Programme	25,832	0	400	4,371	3,799	17,262	25,832
HRA Regeneration	327	0	0	0	327	0	327
Total - HRA	26,874	0	400	4,371	4,126	17,977	26,874
Grand Total	78,932	13,039	7,524	5,461	10,472	42,436	78,932

As a % of total

17%

10%

7%

13%

54%

100%

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06		Variation from Budget £000	Slippage to 2006/07	Remarks
		Budget £000	Spend £000			
	Adults Services					
AS01	Mental Health - 2004-05 (DH allocation)	79	78	(1)	0	
AS01	Mental Health - 2005-06 (DG allocation)	163	0	(163)	163	Funding to roll forward into 2006-07 - no spend confirmed by Commissioning Manager.
AS02	Adults Personal Social Services - 2004-05 (DH)	210	0	(210)	210	Rolled forward into 2006-07 for various projects including the implementation and procurement of IT improvements such as eSAP and EDRMS (ESCR solution) (the 2005-06 costs have been met by the IMM grant - see Children & Families)
AS02	Adults Personal Social Services - 2005-06 (DH)	214	0	(214)	214	As above
AS03	Adult re-provisioning Programme - Learning Disabilities	2,000	2,000	0	0	
AS03	Adult re-provisioning Programme - Older Adults Care Home	2,910	450	(2,460)	2,460	Cabinet Resources Committee 26 Sept 2005 - Football Stadium & adjoining lands - exempt items, subject to negotiations with contractor. Will slip into 2006-07 as negotiations still ongoing.
AS99	Outstanding commitments on completed schemes	40	0	(40)	40	Spend is dependent on contractors submitting claim forms. No claim forms have been submitted in 2005-06.
	Total - Adults Services	5,616	2,528	(3,088)	3,087	
	Central Services					
CE01	Capitalised Redundancies	2,050	960	(1,090)	0	Government unwilling to provide direction to capitalise non-statutory costs.
CE02	Local Public Service Agreements	538	538	0	0	
	Total - Central Services	2,588	1,498	(1,090)	0	
	Childrens Services					
CF01	Childrens Personal Social Services 2004-05 (DH allocation)	14	14	0	0	
CF01	Childrens Personal Social Services 2005-06 (DH allocation)	71	35	(36)	36	Slippage in spend whilst a provider is identified to audit, supply and manage the distribution of computers and internet access to looked after children.
CF02	SWIFT	92	26	(66)	66	Slippage- there are plans to spend the remaining budget in 2006-7
CF03	Integrated Childrens Services Capital Grant 2005-06 (DH)	46	26	(20)	20	Slippage- there are plans to spend the remaining capital grant in 2006-7 (the grant conditions permit the roll-forward of unspent grant into 2006-7).
CF99	Outstanding commitments on completed schemes	4	0	(4)	4	
	Total - Children and Families Services	227	101	(126)	126	
	Education					
ED01	School Access Initiatives - 2003-04 to 2005-06	663	615	(48)	48	
ED02	Secondary School Expansion - Mill Hill School	72	111	39	0	This project is now complete, with a marginal overspend on a budget of £3,339.
ED03	Secondary Language Unit - The Edgware School	141	141	0	0	

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06		Variation from Budget £000	Slippage to 2006/07	Remarks
		Budget £000	Spend £000			
ED04	NDS - Building Condition programme 2003-04	201	122	(79)	79	1 Scheme cancelled due to rebuild; 1 scheme outstanding; underspend being rolled forward.
ED05	LEA Liability at VA Schools re major capital schemes	24	0	(24)	24	Delays in finalising account due to contractor going into administration.
ED07	Ashmole School - redevelopment	276	276	0	0	
ED08	Moss Hall Nursery	9	10	1	0	Project now complete and on budget
ED09	The Compton School - expansion	1,990	2,140	150	0	Delay in achieving settlement of Final Account- overspend likely to be reduced
ED10	Frith Manor	3,217	2,311	(906)	906	Slightly behind programme due to asbestos removal
ED12	Modernisation - all schools need - 2004-05	563	455	(108)	108	Schemes at Moss Hall Junior & Compton delayed; Danegrove listed building reconsideration
ED12	Modernisation - all schools need - 2005-06	667	346	(321)	321	Schemes delayed to 06/07
ED13	Modernisation - primary school need	236	41	(195)	195	Moss Hall Infants reroof delayed.
ED14	New pupil places - formulaic (SCER)	1,352	0	(1,352)	1,352	Allocation to PSCIP not required yet.
ED16	Surestart - Underhill ward	75	0	(75)	75	Alterations to Sure Start base
ED16	Surestart - Wingfield Children and Families Centre	146	153	7	(4)	
ED16	Surestart - New Places	0	117	117	0	Funded by Sure Start Capital grant; no net cost to Council
ED17	Big Lottery Fund Schemes - Bell Lane Sports Hall	639	666	27	0	Delay in achieving settlement of Final Account- overspend likely to be reduced
ED17	Big Lottery Fund Schemes - Whitings Hill MUGA	0	2	2	0	
ED21	PSCIP - Hyde School Childrens Centre	96	91	(5)	5	
ED21	PSCIP - Hyde School Rebuild	90	0	(90)	90	Profiling issue, Brief development requires time to develop scheme details with school.
ED22	Parkfield School - Childrens Centre	1,000	773	(227)	227	Agreement obtained from SureStart to re-profile £227k into 2006/07 and 2007/08
ED22	Parkfield School - redevelopment of school	129	71	(58)	58	Profiling issue, Brief development requires time to develop scheme details with school.
ED23	PSCIP - Consultants costs	300	203	(97)	97	Rescheduling of programme required
ED23	PSCIP - Procurement costs	238	0	(238)	238	Rescheduling of programme required
CE03	Arts Centre Development	776	790	14	(14)	
CE04	Burnt Oak Leisure Centre	100	8	(92)	92	Remedial works to be undertaken in 2006/07. Residual scheme budget to be transferred to and monitored by Resources from 2006/07.
ED99	Outstanding Commitments on completed schemes	392	36	(356)	356	Provision for agreeing final accounts on old completed schemes. Outstanding amounts are evaluated requiring detailed justifications from contractors.
	Total excl DFC	13,392	9,478	(3,914)	4,253	
	New Deals for Schools Devolved Formula	7,896	7,896	0	0	Budget total includes £3.035m DFC allocation; spend includes use of balances brought forward, government grants, revenue financing, loans and private income

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06		Variation from Budget £000	Slippage to 2006/07	Remarks
		Budget £000	Spend £000			
	Specialist Schools (capital grant)	300	89	(211)	211	Queen Elizabeths School Music specialism £100k grant deferred from 04/05 to 05/06, £64k spent, £36k to be spent by 31 Aug 06. QE Girls Media & Arts specialism £100k grant deferred from 04/05 to 05/06 not spent, £100k to be spent by 31 Aug 06. East Barnet Technology College status, £100k grant in 05/06 £25k spent, £75k to be spent by 31 Aug 06
	Total - Education	21,588	17,463	(4,125)	4,464	
	Environmental Services					
EN02	Recycling Boxes	0	89	89	0	£89k capitalisation of recycling boxes - one-off capitalisation confirmed by CFO
EN02	Recycling - green bins, paper and can recycling banks	439	349	(90)	90	Further expenditure on can banks deferred till 2006/7, green bins will continue dependant on participation increasing
EN03	Parks Infrastructure - Old Courthouse Rec catering facilities	12	8	(4)	4	Slippage - Further expenditure deferred till 2006/7
EN03	Parks Infrastructure - security of park boundaries	50	20	(30)	30	Slippage - Further expenditure deferred till 2006/7
EN05	Friary Park and New Southgate Recreation Ground	28	39	11	0	Timing difference on actual spend. This reduces the expected spend in 2006/7 as the project is to be completed within budget
EN06	Welsh Harp Improvements - Phase 2	5	5	0	0	Project now completed - awaiting retention bill (£6-7k).
EN07	Darlands Lake / Stonegrove Park	2	13	11	(11)	Timing difference on actual spend. This reduces the expected spend in 2006/7 as the project is to be completed within budget
EN08	Watling Park (S106)	59	44	(15)	15	Slippage - Further expenditure deferred till 2006/7
EN09	Woodfield Park Pavilion	748	722	(26)	26	Slippage - Further expenditure deferred till 2006/7
EN10	Glebelands Open Space - Sports Pitches	0	7	7	(7)	Timing difference on actual spend. This reduces the expected spend in 2006/7 as the project is to be completed within budget
EN11	Environmental Officer - capitalisation of salary	40	40	0	0	Revenue spend capitalised against DFG - ongoing
EN12	CCTV in Town Centres - radio communications system	50	0	(50)	50	Proposal to spend in 2006/7
EN12	CCTV in Town Centres - 2004-05 programme	314	104	(210)	210	Slippage - Further expenditure deferred till 2006/7
EN12	CCTV in Town Centres - 2005-06 programme	483	30	(453)	453	Slippage - Further expenditure deferred till 2006/7
EN14	CCTV Installation - New Barnet Town Centre	0	2	2	0	Part of the CCTV Town Centre Scheme - initial phase costs
EN14	CCTV Installation - Apex Corner	0	4	4	0	Part of the CCTV Town Centre Scheme - initial phase costs
EN14	CCTV Installation - Finchley Town Centre	0	3	3	0	Part of the CCTV Town Centre Scheme - initial phase costs
EN99	Outstanding commitments on completed schemes	89	0	(89)	89	Contingency funds to cater for retention bills etc - dependent on suppliers chasing up
	Total - Environmental Services	2,319	1,479	(840)	949	
	Highways					
HD01	Structural Maintenance of Bridges - 2005-06 Programme	82	79	(3)	3	
HD02	Street Lighting	57	1	(56)	56	No street lighting capitalisation required in 2005-06. Funds to be reverted back to the Highways Investment programme 2006-07
HD03	Local Safety Schemes - 2004-05 Programme	606	795	189		2004-05 & 2005-06 programmes overlap, net under spend £84k. Work has been deferred due to

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06		Variation from Budget £000	Slippage to 2006/07	Remarks
		Budget £000	Spend £000			
HD03	Local Safety Schemes - 2005-06 Programme	615	342	(273)	84	discovery of a BT fibro-optic cable and will proceed in 2006-07 immediately after its removal.
HD04	Carriageway Reconstruction - Principal Roads - 2005-06	429	438	9		
HD04	Carriageway Reconstruction - Principal Roads - 2004-05	1,767	1,691	(76)	67	Schemes delayed / deferred due to the ongoing major gas renewal; new water main and sewer works.
HD07/08	Road Traffic Act - Controlled Parking Zones	390	248	(142)	0	Schemes scaled down or deferred awaiting Member approval - under spend will be utilised in supporting the SPA income shortfall. P&D equip £105k funded from additional SPA Prudential Borrowing 2005-06
HD10	Footway Reconstruction - Borough Roads (Barnet funding)	38	36	(2)	2	Capitalisation to be funded by the re-allocation of highways investment 2005-06.
HD10	Footway Reconstruction - TFL funding	264	279	15	0	Change in specification of material required to strengthen the footway - additional TfL allocation sought
HD11	London Bus Priority Network - 2005-06 Programme	110	110	0	0	Revenue expenditure re-aligned - detailed below
HD12	Cycling	40	61	21	0	Consultants fees greater than anticipated - additional TfL allocation sought
HD15	Safer Routes to Schools - 2004-05 Programme	22	38	16		
HD15	Safer Routes to Schools - 2005-06 Programme	243	200	(43)	27	2004-05 & 2005-06 programmes overlap, net under spend is £27k. The under spend relates to programme slippage and the remaining SRTS work will be carried out in 2006-07.
HD17	Highways Investment 2004-05	327	189	(138)	138	Schemes incorporated into the 2005-06 Highways Investment programme
HD18	Regeneration and Access Corridors	50	41	(9)	9	
HD21	Highways Investment 2005-06	4,542	4,396	(146)	146	Under spend used to support 2004-05 HI programme & Capitalisation of Footway works. Remaining £342k under spend can be attributed to delays resulting from the need for road closures and imminent bridge works. Schemes will proceed in 2006-07
HD25	Bus Stop Accessibility	51	5	(46)	46	Implementation delayed due to land ownership issues, currently being resolved.
	Outstanding commitments on completed schemes	36	35	(1)		
		9,669	8,984	(685)	578	
	TfL adjustment to approved baseline programme for 2005/06	210	210	0	0	NOTE: During the year changes to a number of scheme allocations or works, outside of delegated or previously agreed limits, have become necessary. We recommend that approval is obtained so the budget figures reflect changes to TfL schemes as set out in the final approved baseline programme for 2005/06. The net TfL adjustment is £1.329m, which incorporates £210k of scheme re-alignments and £1.119m relating to TfL expenditure contained within the Councils revenue account.
	Carriageway Reconstruction - Principal Roads - 2004-05 Revenue Programme Cost Centre 10785	109	109	0	0	
	London Bus Priority Network - 2005-06 Revenue Programme Cost Centre 10786	1,010	1,010	0	0	
	Total - Highways	10,998	10,313	(685)	578	
	Law and Probity					
LP01	Local Land Charges	120	53	(67)	67	Project behind schedule.
LP02	Trove System replacement	26	27	1	0	
LP03	Legal case management system	117	107	(10)	10	

GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTFURN & VARIATIONS

Ref	Service / Scheme	2005-06		Variation from Budget £000	Slippage to 2006/07	Remarks
		Budget £000	Spend £000			
COR3	Members IT	0	3	3	0	Minor overspend of revenue contribution to capital.
	Total - Law and Probity	263	190	(73)	77	
	Resources					
BT01	Pericles - Revenues and Benefits System	1,449	629	(820)	820	Waiting on SB
IT01	Content Management System (CMS)	259	168	(91)	91	Waiting on SB
	ICT Infrastructure	17	61	44	0	
IT04	Modernising Our Infrastructure	2,417	2,460	43	(43)	Spend has occurred ahead of profile, forecast of total expenditure under review.
IT04	Modernising Core Systems	4,201	6,012	1,811	0	The Variation shown here reflects gross expenditure against approved budget. However, additional funding has been secured from Barnet Homes / HRA (£780k) and through a revenue contribution from IS (£280k). Additionally £584k of Phase 1 procurement costs are shown against this budget following a decision made in 2005/06 not to charge these costs to revenue. The remaining overspend is thus £167k relating in part to delays in decommissioning of legacy systems, although work continues to ensure that all cost charged to the MCS project are properly allocated.
IT05	Electronic Documents and Records Management System	200	124	(76)	76	Project behind schedule.
	Education Management Information System	90	19	(71)	71	Project behind schedule.
	Mobile Working Strategy Development	80	0	(80)	80	Slippage - expenditure deferred to 2006/7
	NLBP - IT costs of additional staff relocated to NLBP	210	0	(210)	210	Slippage - expenditure deferred to 2006/7
	IP Telephony and call management technology	20	0	(20)	20	Slippage - expenditure deferred to 2006/7
HE01	NLBP - IT costs	107	74	(33)	33	Waiting on SB
HE02	Barnet House	850	843	(7)	7	
HE04	Council Offices Security Systems	25	23	(2)	2	
	Fenella Refurbishment	0	282	282	18	£300k Unsupported Credit Approval allocation as part of Local Pubic Service Agreement (LPSA)
HE99	Outstanding commitments on completed schemes	9	0	(9)	9	
	Total - Resources	9,934	10,695	761	1,394	
	Strategic Development					
SD01	Watling Shopping	0	1	1	0	
SD04	Grahame Park Sports Pitch - additional costs	37	54	17	(14)	SRB reconciliation and capital project closure
	Building Safer Communities	108	118	10	0	Net position on BSC capital funding
	Total - Strategic Development	145	173	28	(14)	

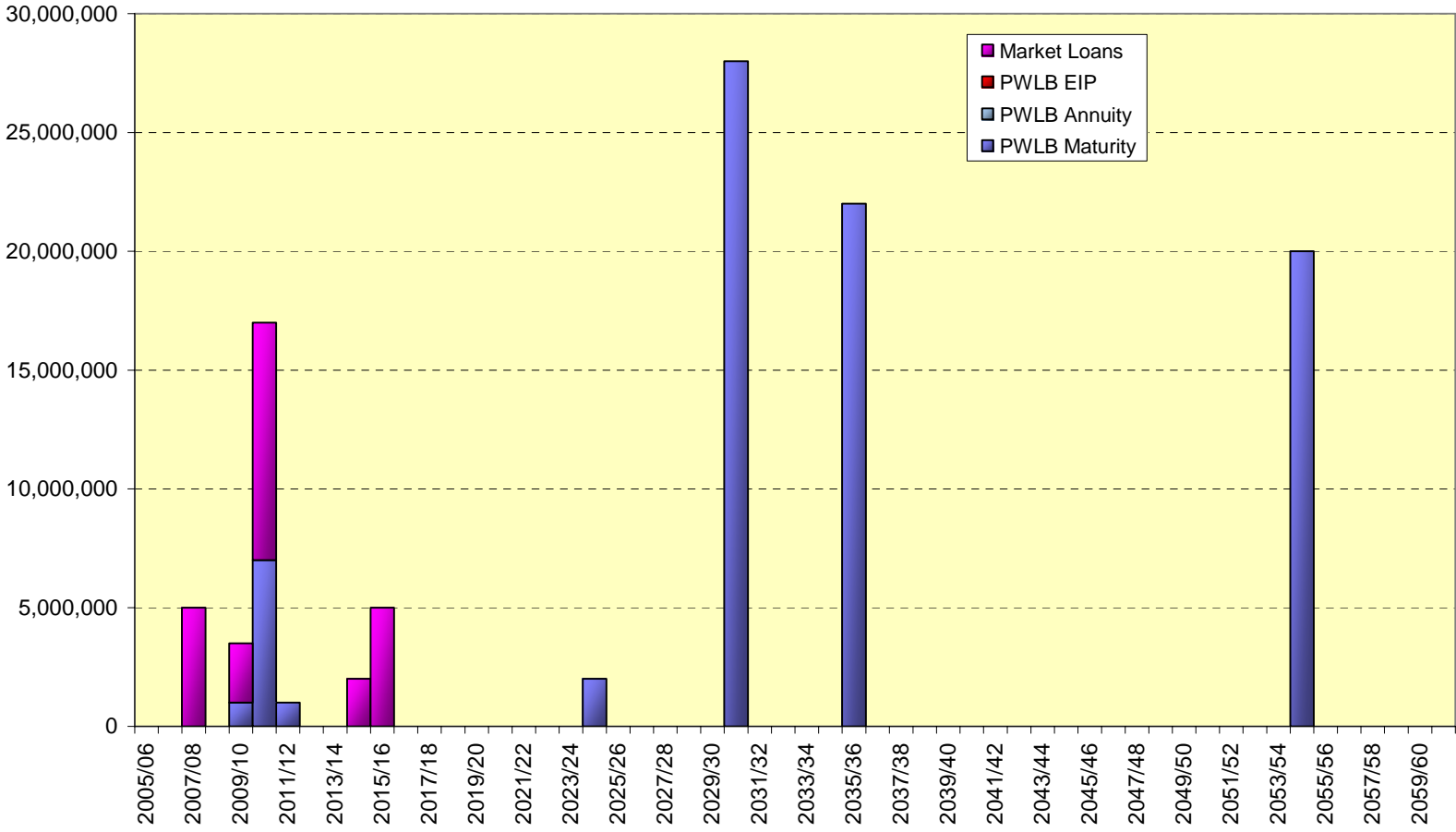
GENERAL FUND CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06		Variation from Budget £000	Slippage to 2006/07	Remarks
		Budget £000	Spend £000			
	Housing - General Fund					
	Renovation Grants	50	(54)	(104)	0	Credit on net expenditure
	Disabled Facilities Grants	1,110	872	(238)	0	DFG's are mandatory and demand led. Once grant approved the Council has little control as to the timing of works and hence payments.
	Housing Association Programme	3,083	2,903	(180)	180	Underspend was as a result of the delayed completion of a scheme. The £180,000 not taken up by Warden Housing Association will need to be carried over into 2006/7.
	Regeneration:-					
	Stonegrove - site assembly / property acquisition	3,520	3,740	220	(220)	Spend has occurred ahead of profile. Capital scheme overall forecast within budget.
	Grahame Park - property acquisition	2,250	1,486	(764)	764	Timing differences on acquisition of properties.
	Total - Housing - General Fund	10,013	8,947	(1,066)	724	
	Totals	63,691	53,387	(10,304)	11,385	

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME - 2005/06 OUTTURN & VARIATIONS

Ref	Service / Scheme	2005-06		Variation from Budget £000	Slippage to 2006/07	Remarks
		Budget £000	Spend £000			
	Cash Incentives	750	715	(35)	0	There is a high demand for cash incentive schemes which has proved to be a cost-effective way of freeing up units for rent. Spend close to budget
	Transitional Programme	11,876	11,362	(514)	65	Two projects did not complete within the year, late start on site due to access issues, will carry over onto 2006/07.
	Partnering Packages					
	Barnet	3,355	3,319	(36)	36	Decent Homes packages of works with the partner constructors started on site in August 2005 following the contractual lead-in. Successfully completed some packages ahead of schedule, but others will carry into 2006/07. Overall spend of the capital programme is almost 3 times that of 2 years ago.
	Finchley	2,218	1,739	(479)	290	
	Hendon/Edgware	3,533	3,613	80	0	
	Sheltered/Hostels	1,288	1,329	41	0	
	Adaptations	861	964	103	0	Brought forward funding to enable high priority/high need works to be carried out
	Regeneration Estates	542	516	(26)	26	Minor variation
	Miscellaneous Works	2,541	2,990	449	0	Brought forward planned maintenance works following projected underspend with transitional schemes.
	HRA Regeneration	741	327	(414)	414	Capitalised spend lower than forecast due to carry forward requirement to support earmarked spend in FY06/07
	Totals	27,705	26,874	(831)	831	

London Borough of Barnet Debt Maturity Profile 31 March 2006



APPENDIX J: Prudential Indicators

PRUDENTIAL INDICATOR	2004/05	2005/06	2005/06
(1). EXTRACT FROM BUDGET AND RENT SETTING REPORT	£'000	£'000	£'000
	actual	original	actual outturn
Capital Expenditure			
Non - HRA	£41,284	£62,642	£44,080
HRA (applies only to housing authorities)	£19,797	£28,688	£25,209
TOTAL	£61,081	£91,310	£69,289
Ratio of financing costs to net revenue stream			
Non - HRA	0.36%	1.44%	0.53%
HRA (applies only to housing authorities)	39.00%	40.00%	41.00%
Net borrowing requirement			
brought forward 1 April	£8,626	£7,963	£7,963
carried forward 31 March	£7,963	£72,060	£75,768
in year borrowing requirement	£(663)	£64,097	£67,805
Capital Financing Requirement as at 31 March			
Non – HRA	£59,404	£93,325	£73,610
HRA (applies only to housing authorities)	£6,678	£24,655	£31,887
TOTAL	£66,082	£117,980	£105,497
Annual change in Cap. Financing Requirement			
Non – HRA	£10,856	£29,770	£14,206
HRA (applies only to housing authorities)	£6,678	£17,977	£25,209
TOTAL	£17,534	£47,747	£39,415
Incremental impact of capital investment decisions	£ p	£ p	£ p
Increase in council tax (band D) per annum *	£13.02	£22.67	£(32.86)