



Revenue Budget Monitoring 2006/7

SUMMARY

- 1.1 This report sets out the Council's latest spending position for 2006/7.
- 1.2 The Cabinet is keeping the budget under constant review and within this report, identifies:
 - the main areas of forecast variance predicted at the year end if current trends continue
 - proposals for corrective action or alternative strategies to balance any overspends
 - the key risk budgets which are being subject to more detailed monitoring by Cabinet in forthcoming budget reports.
- 1.3 The report identifies a total potential £0.4m over budget at the end of the year which represents a variance of just 0.26%.
- 1.4 It should, however be noted that the position with regard to Children's Social Care placements is the most favourable for many years, despite the number of placements not reducing as much as planned.
- 1.5 The upward trend in Adult Social Care demand is now starting to have an impact and this reinforces the need to continue to roll out the modernisation of the service as developed in the Home Care review and emerging in the Support Accommodation Strategy.
- 1.6 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To note the latest monitoring position in respect of the 2006/7 General Fund budgets.
- 2.2 To agree the list of risk budgets to be subject to more detailed monitoring by Cabinet Members.
- 2.3 To note the latest position on reserves.
- 2.4 To approve the change in use for the service reserves as shown in Appendix 5.

**Revenue Budget Monitoring 2006/7****SUPPORTING INFORMATION**

- 1.1 This report provides the first update on the 2006/7 revenue budget position as summarised in Table 1 below. This shows a net projected overspending of £405k over all General Fund services, excluding individual school budgets. This represents a variance of 0.26% on the budget of £155m.
- 1.2 At this stage of 2006/7 such projections should be treated with some caution as they reflect the pattern of activity so far this financial year. The impact of the winter period and whether current trends in service provision patterns continue are important factors which are difficult to predict. Further details of these variances are attached at appendix 2.

Table 1 – Summary Revenue Budget Variances 2006/7

Department	Forecast year end variation 2006/7 £000's
Children and Young People	
• Non schools budgets including social care	584
• Central schools budget, including special needs less holding back on service reserves	414 (148)
	266
Corporate and Adult Social Services	
• Corporate Services	Nil
• Adult Social Services	303
Environmental Services	(25)
Regeneration and Community less holding back of service reserves	87 (60)
	27
Resources and Housing	Nil
Corporate Budgets	(750)
Net Projected Variance	405

- 1.3 For Supporting People, based on grant allocations against spending commitments the 2006/7 budget currently shows a potential underspend of £300k. However, the Council has had to temporarily meet past year spending in excess of grant in Supporting People totalling £1.3m. Logically, therefore, the underspend should be used to reduce this overall figure. However, prior to a final decision the Supporting People Board will review the current position, in particular to identify if there are any schemes in difficulties or if it would be beneficial to the strategy to bring forward the introduction of new services. An update will be provided at a future Cabinet meeting.
- 1.4 There are two additional budget issues which have arisen since the budget was set and are not included in Table 1. These are ...

a. Adult Social Care – No Board scheme

Cabinet had previously been informed of the rule changes following a national test legal case which meant the Council would lose funding. This applied from October 2005 and the 2005/6 effect was incorporated into the final outturn. The ongoing cost is in the region of £500k and it is proposed to use reserves in 2006/7 to offset this additional cost, with the ongoing effects to be dealt with as part of the budget process.

b. Trading accounts

Environmental Services Trading accounts are forecasting losses in some service areas. These centre on three trading areas of golf courses (£46k), school catering (£103k) and cleaning and caretaking (£88k). Details of the issues surrounding these forecast losses are contain in Appendix 2. Actions are being put in place to mitigate the losses but should they persist a £1m reserve exists from accumulated past year surpluses.

Changes in approach to budget monitoring

- 1.5 The current system of budget monitoring has proven very effective in identifying early budget trends and driving through corrective action. However, as areas of underspending diminish and efficiencies are built into the core budget, there is an increasing need to closely manage budgets in more and more detail. To further improve the budgetary control system it is proposed to continue to use exception reporting to Cabinet but to also report each time on a number of pre-agreed 'risk' budgets. Risk budgets for consideration at Cabinet level are those which, if not controlled could have an untoward impact on the Council's finances or non-delivery would cause some significant impact on service provision. Of necessity this list needs to be relatively short to make sure Cabinet can give sufficient attention to them. It is, however, proposed that Cabinet Members and Chief Officers' management teams work to a longer list as part of the cascade of responsibilities. The list of risk budgets for quarterly monitoring by Cabinet are attached at Appendix 3. A parallel list for capital schemes is included in the report on capital monitoring elsewhere on the agenda.

Reserve position

- 1.6 Appendix 4 contains details of the Council's corporate reserves position which is summarised in Table 2 below. This is prior to any decisions on application of reserves to fund risks or support the core budget from 2007/8 onwards.

Table 2 – Summary of Corporate Reserves

Reserve	Balance 1 April 2006 £m	Projected balance 31 March 2009 £m
General Reserve	5.8	6.1
Earmarked corporate reserves		
• Treasury Management	3.6	3.6
• Trading Services	1.0	1.0
• Job Evaluation	0.8	0.0
• Pump Priming Fund	0.3	0.6
• Corporate Investment	0.6	0.5
• LPSA Reward	1.7	1.1
Uncommitted corporate reserves	4.6	3.5
Total corporate reserves	18.4	16.4

- 1.7 Cabinet on 1 August approved the final revenue outturn for 2005/6. As part of this process, services were able to keep control over their prior year carry forward reserves, subject to the services bringing to Cabinet any proposals for re-designation. Appendix 5 details the proposed changes in use or application at this stage. It should be noted that those departments with carry forward reserves will hold back funds to provide cover for potential overspending. This includes the Children and Young People's and Regeneration and Community departments.

Housing Revenue Account (HRA)

- 1.8 The monitoring position for the HRA is attached at Appendix 6 and shows a small potential underspend of £10k at the year end. A key area for monitoring during the year is the repairs account as this has been under pressure for the past two years. As a result this has been identified as a risk budget to be monitored by Cabinet.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Revenue Budget Monitoring Update Appendix 3 – Revenue Budget Risk Areas 2006/7 Appendix 4 – Schedule of Corporate Reserves Appendix 5 – Proposed re-designation of service carry forward reserves Appendix 6 – HRA - Revenue Budget Monitoring Update

IMPLICATIONS

Financial

1. This report is the first of a series of financial reports on the 2006/7 spending position. At present the spending plans are broadly in line, with some variances needing follow up in some key service areas. Members will continue to receive reports throughout the year consistent with the Council's financial procedure rules.

Legal

2. None directly arising.

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate priorities

5. One of the Council's top four priorities is to deliver excellent services, performance and value for money. Effective financial monitoring and reporting systems is a key component of this.

Revenue Budget Monitoring Update
Children's and Young People Department

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Non-schools budget			
Agency placements	211	Children's agency fostering placements greater than assumed in budget.	Continue to place as many children in-house as possible, negotiate favourable rates where possible, seek planned moves of children to extended family wherever appropriate.
Children's social care service budgets	257	Fully staffed establishments at top of scales. Use of agency manager. Overspend on taxi fares for CLA contact meetings and an overspend on the Intentionally Homeless budget.	Limited action possible as all aspects of this projected overspend arise from statutory requirements over which we have no choice.
Unaccompanied Asylum Seekers	50	Unaccompanied asylum seeker children. Total overspend currently at £120k however there is the assumption that some of this overspend can be reduced from income available from previous years' grant claims.	Maximise grant opportunity.
Workforce learning and development	30		
Voluntary early retirements	50	Additional ongoing commitments approved since base budget review.	

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Inclusion	(70)	Underspend predicted on departmental restructuring.	
Other minor departmental variances	56		
Total	584		
Central Schools Budget (ring-fenced and funded by grant)			
Recoupment / Independent Special School Fees	429	High cost placements and a reduction of income from Derbyshire for placements at enhanced resource schools.	<p>Continue to consider all out of authority placements with regard to necessity and how needs could be met locally.</p> <p>Regional commissioning work related to considering all exceptional fee increases.</p> <p>Looking at returning children to Derby provision where needs could be met appropriately locally.</p> <p>Consider offering additional support to schools to meet needs rather than expensive placement out of city.</p> <p>Developing multi-agency supported packages locally for children with complex needs.</p>

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Central staff cover	50	Reimbursements to schools for maternity cover and trade union duties.	
Pupil Referral Unit/Behaviour Support	(100)	Part-year savings on new posts.	
Early Years	35	Existing staff transferring into posts following a restructure where budget for new posts were based on recruiting at a lower teaching grade with no special allowances.	
Net departmental forecast year-end variance	414		

Revenue Budget Monitoring Update

Corporate and Adult Social Services

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Home support (home care and Direct Payments)	1,240	Assumed growth of 25% in Direct Payments and pressures in home care within in-house service and Learning Disabilities.	Plans to achieve budget savings and to fund growth in Direct Payments being compiled by Management Team.
Residential & nursing placements	(346)	Projection based on a reduction of 20 elderly placements during the year and an underspend predicted on Learning Disability staffing budgets in line with 05/06.	
Care Management	(423)	Underspends in arising from vacancy management of social work staffing costs in Older People and Learning Disability.	
Learning Disability Day Services	(226)	Underspends in arising from vacancy management of staffing costs.	
Strategic Planning	70	£53k was removed from Planning and Partnerships' budgets as part of the Department's budget savings. No potential reductions in capacity have yet been identified within the new departments.	Awaiting decisions re disaggregation of this budget.
Net underspend on other areas	(12)		
Net departmental forecast year-end variance	303		

Revenue Budget Monitoring Update

Environmental Services

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Bereavement Services	10	Under achievement of adult cremation fees due to late 2005/6 decision to limit prices increases. This has meant the budget is inherently £62k overstated.	Scale back maintenance works to balance.
Waste management	(35)	Overspends on waste disposal and fridge disposal offset by savings from recycling disposal.	
Net departmental forecast year-end variance	(25)		

Revenue Budget Monitoring Update
Regeneration and Community Department

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Public Transport Revenue Support	37	Contract renewals are exceeding the budgeted inflation allowed from 05/06. A more realistic figure has been applied for 06/07 but the historic shortfall remains.	Longer term viability will be reviewed within the 07-10 budget planning process and by the Transport Procurement and Operations Group.
CCTV income contributions	50	Budgeted contribution from Castleward area businesses not being met.	Options to contain being investigated. Longer term viability will be reviewed within the 07-10 budget planning process.
Net departmental forecast year-end variance	87		

Revenue Budget Monitoring Update

Corporate Budgets

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Benefits payments	150	Due to decreased overpayment creation / recovery, and external audit fees.	
Treasury Management	(600)	Interest rates and investment balances currently running higher than projected in budget. Cautious figure as hugely volatile. Achieved approx £0.4m to date.	
Supporting People	(300)	See para 1.3 in main report.	
Net departmental forecast year-end variance	(750)		

Revenue Budget Risk Areas 2006/7

Department/Service Area	Annual budget 2006/7 £000's	Reason for treatment as risk budget
Children's and Young People Services		
PRU and behaviour support	3,138	High value budget with expenditure driven on a needs basis. The service has recently been reorganised. Volatile budget because of high cost of individual pupils and dependence on parallel factor of school exclusions.
Special Education Needs transport	2,817	History of overspending. High inflation passed on by operators, lack of capacity to effectively manage procurement, effect of high cost pupils.
ICT	426	A high value budget with a heavy reliance on external funding – Government Grants. ICT project areas are notoriously financially high risk.
Workforce learning and development	269	New service bringing together different budgets from the predecessor departments, Social Services training budget overspent last year, dependence on external income.
Recoupment/independent special school fees	1,488	A very volatile budget with new commitments being of high value. A demand led budget.
Agency placements	3,069	Volatility of high cost placements, high public profile.
Adult learning	(459)	100% funded by the Learning and Skills Council with a heavy reliance on fee income. No clear exit opportunities for loss of funding.
Sure Start Local Programmes (LAA)	Net Nil	Dependence on external income, reductions in grant allocations, competing in childcare market.
Children's Centres (LAA)	Net Nil	Volatility of budget variances – initial underspends due to delays in building completion, potential overspends when all centres operational because grant allocations less generous than for original Sure Start bases, dependence on external income, competing in childcare market.

Department/Service Area	Annual budget 2006/7 £000's	Reason for treatment as risk budget
Children's and Young People Services		
Neighbourhood nursery initiative (LAA)	224	Heavily subsidised currently by the Children's Centre grant and heavily reliant on nursery fee income being generated.
Other Early years budgets	2,577	Payments made to Private and Voluntary Sector based on numbers of children in settings, high value demand led budget. Other Early Years budgets heavily reliant on grant funding.
Corporate and Adult Social Services		
Repairs and maintenance works	3,727	Demand led budget – responsive urgent repairs; high potential of either over or underspend due to nature and timing of potential works. New responsibilities/pressures in 06/07 budget.
Markets and Estates income	(4,093) income (net (1,400))	Markets income budgets set with high occupancy factor; Increases in 06/07 income budgets re rent reviews and base budget reviews; SMC tracking position against budget proposals.
Land Charges	(278)	Income vulnerable to economic conditions, plus potential impact of cost accounting fee model and increased competition.
In-house Home Care reshaping	3,578	Independent home care providers are reluctant to plan for growth in their business with the Council, given the current hourly rates of payment. This is hindering work being moved to independent sector providers to enable the in-house service to be re-shaped. Total expenditure on home care is increasing as we support people more intensively at home.
Direct payments – managing growth	1,351	The Local Authority has to offer Direct Payment options to service users as an alternative to providing care packages. Growth in numbers of Direct Payments service users has increased dramatically over the last few years and is predicted to increase by a further 25% this year.

Department/Service Area	Annual budget 2006/7 £000's	Reason for treatment as risk budget
Corporate and Adult Social Services		
High cost packages of care	3,768	The cost to Adult Social Services of supporting a person in their own home can be far higher than the cost of supporting them in a care home. Government and Council policy favours supporting people in their own homes and performance indicators reflect this policy (PAF C72 and C73, permanent admissions to care homes for older people and adults).
Supporting people cuts – effect on other budgets	726	There has been a cut in Supporting People funding nationally. So far in 2006/07 the impact on Adult Social Services budgets has been £215,000. A further £181,000 is at risk pending reviews of schemes within Mental Health services.
Health partnerships – safeguarding NHS income	4,169	The Health Service currently contribute significantly to a wide variety of care packages and schemes provided by Adult Social Services. The well-publicised financial difficulties which many PCTs are facing may impact on their ability to provide ongoing funding for existing schemes or care packages. This could mean the Department has to pick up the cost or cease to provide the corresponding services.
Environmental Services		
Trading accounts - building	(3,000)	The income from Derby Homes and the Council is split between that secured by long term contracts and that tendered for on an annual basis. Until the annual tenders are completed and secured the total income targets cannot be met.
Trading accounts – catering	1,200	Following public pressure in 2005 the standard of school meals was improved. The resulting cost increase from Suppliers was incurred by the section in 05/06, without any increase in the income received per meal provided.
Trading accounts – golf	(485)	Mainly weather dependent. New in house service from 1.1.06. Green fee and season ticket sales budget set at optimistic levels. Above inflation increases in prices set for 05/06, hence unknown reaction from users.

Department/Service Area	Annual budget 2006/7 £000's	Reason for treatment as risk budget
Regeneration and Community		
Highways and Transport division		
Car park income	(3.942)	Major income budget with instability due to price increases, demand, migration from DPE and previous years outturn underachievement.
Decriminalised parking enforcement	(58)	New operation commenced early July 2006. Net scheme influenced by fine income generated and levels of staffing employed. High impact national issue. Anticipated income of £497k in part year 06/07.
Transport procurement including revenue support	437	Overspend in 05/06 from under budgeted inflation on individual contract renewals. Linked to the TP&OG work.
CCTV (NB. Full service review required)	198	Includes estimated £214k income contributions which are overstated. Contract is also due for renewal.
Resources and Housing		
Supporting People	Net Nil £10,067 spend £10,067 funding	Changes to and uncertainty of funding from Government.
Investment Income – Treasury Management	(£4,348) income	High volatility created by risk of change to both interest rates and cash balances.
HRA/Derby Homes/Housing Repairs	£8,637	Agreed to start to recoup previous years' overspends at £300k per year. Non achievement or further overspends could jeopardise other HRA funded projects and ultimately possibly jeopardising the financial position of the HRA. Impinges on much reduced Capital Programme following additional capitalisation of electrical upgrade work – see capital risk budgets sheet.

UNCOMMITTED AND GENERAL CORPORATE RESERVES

General Corporate Reserve									
Reserve	Balance 31 March 2005 £000	Actual Use 2005/2006 £000	Balance 31 March 2006 £000	Changes 2006/07 £000	Balance 31 March 2007 £000	Changes 2007/08 £000	Balance 31 March 2008 £000	Changes 2008/09 £000	Balance 31 March 2009 £000
General Reserve (2% of budget requirement)	5,630	137	5,767	137	5,904	150	6,054	0	6,054

Corporate Reserves Held for Defined Uses									
Reserve	Balance 31 March 2005 £000	Actual Use 2005/2006 £000	Balance 31 March 2006 £000	Changes 2006/07 £000	Balance 31 March 2007 £000	Changes 2007/08 £000	Balance 31 March 2008 £000	Changes 2008/09 £000	Balance 31 March 2009 £000
Treasury Management Commutation reserve	2,861	0	2,861	0	2,861	0	2,861	0	2,861
Other Treasury Management reserves	695	0	695	0	695	0	695	0	695
Total Treasury Management reserves	3,556	0	3,556	0	3,556	0	3,556	0	3,556
Trading Services reserve	1,000	0	1,000	0	1,000	0	1,000	0	1,000
Job Evaluation	198	561	759	-759	0	0	0	0	0
Pump Priming Fund - Existing Budgeted Commitments	414	114	528	111	639	26	665	0	665
Add approved use for Decriminalised Parking Enforcement	-86	-19	-105	-228	-333	277	-56	56	0
Add approved use for Jayex signboard	-18	-37	-55	45	-10	10	0	0	0
Add Friargate Studios	-19	-50	-69	-124	-193	50	-143	50	-93
Net Pump Priming Reserve	291	8	299	-196	103	363	466	106	572
Corporate Investment Fund	999	0	999	0	999	0	999	0	999
Less budgeted approved use:			0						
Head of Procurement	-6	-56	-62	-8	-70	-12	-82	0	-82
Transport Coordinator Post	0	-21	-21	-44	-65	0	-65	0	-65
Accommodation Strategy	-32	-30	-62	0	-62	0	-62	0	-62
Building on Excellence / Change Management	0	-42	-42	-15	-57	0	-57	0	-57
Financial Systems Strategy		-99	-99	-1	-100	0	-100	0	-100
CSP Growth and Mainstreaming		-100	-100	0	-100	0	-100	0	-100
Net Corporate Investment Fund	961	-348	613	-68	545	-12	533	0	533
LPSA Reward funding reserve	47	2,085	2,132	2,042	4,174	0	4,174	2,100	6,274
Less LPSA1 scheme support	0	-308	-308	-766	-1,074	-537	-1,611	-537	-2,148
Less LPSA1 scheme support - carry forward 2005/6	0	0	0	-229	-229	0	-229	0	-229
Less LPSA2 scheme support	0	-76	-76	-820	-896	-820	-1,716	-820	-2,536
Less LPSA inflation provision	0	0	0	-40	-40	-80	-120	-120	-240
Net LPSA Reserve	47	1,701	1,748	187	1,935	-1,437	498	623	1,121
Total	6,053	1,922	7,975	-836	7,139	-1,086	6,053	729	6,782

APPENDIX 4

Balance of Uncommitted Corporate Reserves							
	Balance Available for 2005/6 £000	Change in Balance Available for 2006/7 £000	Balance Available for 2006/7 £000	Change in Balance Available for 2007/8 £000	Balance Available for 2007/8 £000	Change in Balance Available for 2008/9 £000	Balance Available for 2008/9 £000
Reserves Available							
NDR refunds reserve	635	0	635	0	635	0	635
Existing budget uncertainties reserve/corporate planned forecast underspend 2004/5	1,721	0	1,721	0	1,721	0	1,721
Net 2005/06 Out-turn excluding Census	936		936	0	936	0	936
2005/6 1% savings	863		863		863		863
Backdated Census - 2003/04 Settlement - Paid 05/06	2,219	0	2,219	0	2,219	0	2,219
Backdated Census - 2004/05 and 2005/06 Settlement	0	3,079	3,079	0	3,079	0	3,079
Previously Earmarked Corporate Reserves now Uncommitted	43	0	43	0	43	0	43
Less: Reserves Already Used	-1,064	-1,783	-2,847	-2,048	-4,895	-1,150	-6,045
Net Balance of Reserves Available for Year	5,353	1,296	6,649	-2,048	4,601	-1,150	3,451
	Reserves Used in 2005/6		Reserves Used in 2006/7		Reserves Used in 2007/8		Reserves Used in 2008/9
Approved uses of Reserves							
Supporting People 2005/2006 and 2006/2007 net budget support	-200						
Urban Regeneration Company contribution full-year effect 2005/06	-125						
Bus Station one-off transitional costs 2005/2006 and 2006/2007	-25		-25				
Repair and Maintenance 2005/06 revenue budget	-500						
Repair and Maintenance 2006/07 and 2007/08 unallocated corporate reserve			-500		-500		
Public Priority Fund 2005/2006 revenue budget	-521						
General use of reserves in 2006/07 budget including reallocated Public Priorities Fund			-568		-500		
Integrated Children's Services 2005/2006 and 2006/2007	-138		-138				
General use of reserves in 2005/06 budget	-137						
Maintain general reserves balances	-137		-137		-150		
Corporate funding of HTS transport problem (up to)			-180				
Proposed Additional Use							
Earlier change to no board accommodation rule			-500				
Net Use of Reserves in Year	-1,783		-2,048		-1,150		0
Net Balance of Reserves Unused at Year End	3,570		4,601		3,451		3,451

Proposed re-designation of service carry forward reserves

1. Children and Young People Department

Reserve £148k of service carry forward reserve to cover for potential overspends from the following re-designations:

	£k
Management support reserve	25
PFI Schools broadband due to lower cost	18
Health and safety reserve	3
ISB general reserve	89
Other general reserve	13
	<hr/> 148

2. Environmental Services

Allocate Rethink Rubbish reserve (£256k) and kitchen bin reserve (£104k) to enable conversion of blue recycling boxes to full recycling bins.

3. Regeneration and Community

Release the following uncommitted reserves:

	£k
Arts Development	15
Arts in Education	3
Events	18
Museum reserve	7
Performance space study	15
Alvaston Library retention	3
DMS match funding	12
Historic building reserve	5
Cycle fund	10
Signage	9
	<hr/> 97

This is proposed to be used for:

Arts section funding	5
Assembly Rooms – part funding	
tannoy extension and lighting truss for	
health and safety requirements	32
Cover for 2006/7 overspends	60
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Revenue Budget Monitoring Update

Resources and Housing Department
HRA

Main variances	Projected year end variance		
	£000 overspend/ (underspend)	Reason	Action to contain overspends
Contribution to Repairs Account	0	The nil position is against the HRA Business Plan as approved by Cabinet in February. Since that time an overspend of £1.2m has emerged at outturn in 2005/06. It has been agreed by the HRA Strategic Working Party that this amount should be recovered over the 4 years 2006/07 to 2009/10 at around £300k a year.	It now seems unlikely that any saving will be made in the current year with the projected spend expected to be at the level set in the HRA Business Plan for 2006/07. The recovery of the overall £1.2m is still expected but with the majority of the savings being achieved in the later years following the results of the introduction of arrangements to contain spend. Regular close monitoring of the budget will continue to ensure any further issues are highlighted as soon as possible.
Contribution towards expenditure from General Fund (grounds maintenance)	(30)	Additional income from recharges to GF for grounds maintenance costs on HRA estates.	
Reduced Service Charges for Sheltered Accommodation	20	Derby Homes have been forced into remodelling the Sheltered Scheme provision as a result of the cuts in the Supporting People funding. This will result in lower service charges to tenants and thus lower income to the HRA.	The schemes are currently being remodelled which should result in cost reductions in the longer term to offset the reduced income.
Net departmental forecast year-end variance	(10)		