

COUNCIL BUDGET - MONTH 4

2009/10 REVENUE AND CAPITAL MONITORING

Cabinet Member	Councillor Jonathan Bianco
Cabinet Portfolio	Finance and Business Services
Report Author	Paul Whaymand, Finance and Resources
Papers with report	None

HEADLINE INFORMATION

Purpose of report	<p>The report sets out the council's overall 2009/10 revenue & capital position, as forecast at the end of Month 4 (July). The in year revenue position on normal activities is forecast as being £435k less net expenditure than budgeted, an adverse movement of £542k on the month 2 position. This adverse movement is primarily due to the 0.5% increase in the pay offer for 2009/10. There is an exceptional pressure of £1,620k related to asylum funding which has increased by £510k from the month 2 position. To help mitigate these pressures a £1m in-year savings programme has been put in place in groups. The net consequence to date is the overall revenue position forecast is £185k more net expenditure than the overall budget, an adverse movement of £52k on month 2.</p> <p>Total forecast capital expenditure for the year is estimated to be £92,085k, £12,656k less than the latest budget.</p>
Contribution to our plans and strategies	Achieving value for money is an important element of the Council Plan for 2009/10.
Financial Cost	N/A
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 4.
2. Agree to earmark £694k from balances brought forward for potential business efficiency investment as a result of the £12m target level of balances having been exceeded in 2008/09 at year-end.

3. **Vire the capital budget of £250k for CCTV from Environment & Consumer Protection to Planning & Community Services to align the management and budgetary responsibilities for this programme.**
4. **Note the treasury management update in Appendix B.**
5. **Note the National Value for Money Indicator (NI179) 2008/09 actual submission and the progress towards the cumulative 3% p.a. efficiency target by 2010/11 as set out in Section C of the report.**
6. **Agrees that the Council make an additional grant of £20,000 to Hillingdon Homestart for the 2009/10 financial year. The cost will be met from the strike fund savings brought forward in earmarked balances from 2008/9.**

INFORMATION

Reasons for Recommendations

1. The reason for the monitoring recommendation is to ensure the Council achieves its budgetary objectives. The report informs Cabinet of the latest forecast revenue and capital position for the current year 2009/10.

Alternative options considered

2. There are no other options proposed for consideration.

SUMMARY

A) Revenue

3. The in year revenue position on normal activities is forecast as being £435k less net expenditure than budgeted, an adverse movement of £542k on the month 2 position. The main reason for the adverse movement is that the pay offer for 2009/10 has been increased by 0.5% to 1% resulting in a £470k increase in projected spend for the current year. In addition there is an exceptional pressure of £1,620k related to asylum funding which has increased by £510k from the month 2 position.
4. In light of the forecast pressure in relation to asylum, all Groups are working up an in-year savings strategy to achieve a further £1m in savings on top of those already agreed at Council Tax setting. The cash limits for Groups have been reduced by £1m and they are reporting against these lower cash limits from month 4.
5. The overall revenue position taking account of the exceptional asylum pressure and the £1m in-year savings programme is £185k more net expenditure than budgeted, an adverse movement of £52k on month 2.
6. The most significant pressures for which contingency provides are in relation to Asylum spend, Transitional Children, Homelessness and Mental Health pressures. All of these have corporate contingencies set aside in budget setting in recognition of these pressures. However at Month 4 the pressures are forecast to be £1,267k more than the contingency budget provides. This is primarily due to the forecast asylum spend being £1,620k more than the contingency provides. This has arisen from the proposed moderation of the under 18's claim creating a significant budget pressure rather than an overall improvement in the funding regime assumed at budget setting.

7. There continue to be pressures from the downturn particularly in relation to the property market and the effect this has on planning income. These are treated as contingency items and at Month 4 show an adverse variance of £145k, an adverse movement of £15k on month 2. Projected development control income has improved since month 2 but projected building control and land charge income have both worsened.
8. Capital financing costs are now forecast to underspend by £120k as a result of debt refinancing work undertaken since the start of the year.
9. The balances brought forward at 31st March 2009 were £16,234k. £3,540k of this sum was applied in support of the 2009/10 budget as part of the budget strategy agreed at Council Tax setting. The effective balances brought forward were therefore £12,694k, £694k in excess of the target level of balances. It is proposed that this £694k is earmarked for potential business efficiency investment.
10. The forecast balances as at 31st March 2010 based on the current forecast overspend of £185k are £11,815k as a result of the forecast in-year overspend of £185k.

B) Capital

11. Total forecast capital expenditure for the year is estimated to be £92,085k, £12,656k less than the latest budget. This is primarily due to the rephasing of Education schemes including formula capital devolved to schools, school improvement and schools places budgets. The projections also assume that the remainder of contingency will not be drawn down.
12. The £8,800k budgeted level of capital receipts for 2009/10 looks increasingly difficult to deliver. There are a range of outcomes still possible but receipts could fall as low as £3,500k. This would place a significant additional pressure on the financing the capital programme and would require additional prudential borrowing of up to £5,600k. This would have an additional revenue impact in 2010/11 of £211k.
13. The net effect of the reduction in forecast capital receipts and slippage on the programme is an increase in the forecast use of unsupported borrowing of £1,283k, from £30,351k to £31,634k.

C) Grant to Hillingdon Homestart

14. Hillingdon Homestart is an organisation the Council has encouraged to develop and financially supported for a number of years. The organisation selects and trains volunteers (experienced parents) to offer emotional and or practical support to local families in need. The service Homestart offer often stops families from reaching crisis point and therefore reduces the need for direct or additional Council intervention. The organisation has used the Council's core grant to attract additional external funds, and expand its services, however some of the organisation's external funding has come to an end and the organisation is facing a deficit which if not addressed will see it closing at the end of this calendar year. A one off grant of £20,000 together with an additional contribution of £15,000 from Education and Children's services will sustain the organisation until the end of the 2009/10 financial year.
15. This contribution from the Council will enable Homestart to secure alternative sources of funding, as several applications for funds to external sources have been made; and it will also give the organisation the opportunity to negotiate with Education and Children's services regarding providing support to the network of Children's centres in the borough.

16. The cost of making the one off grant of £20,000 can be met from funds saved as a result of strike action by staff in 2008.

A) Revenue

17. Table 1 indicates the overall impact of the expenditure forecasts now reported on the approved budget and the resulting balances position.

Table 1

2009/10 Original Budget	Budget Changes		2009/10 (As at Month 4)		Variances (+ adv/- fav)		
			Current Budget	Forecast	Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000		£'000	£'000	£'000	£'000	£'000
217,419	-1,120	Directorate's Budgets on normal activities	216,299	215,984	-315	-977	+662
-25,844	120	Corporate Budgets on normal activities	-25,724	-25,844	-120	0	-120
191,575	-1,000	Sub-total Normal Activities	190,575	190,140	-435	-977	+542
1,210		Exceptional Items - Asylum	1,210	2,830	+1,620	+1,110	+510
	1,000	In-year recovery savings	1,000		-1,000	0	-1,000
191,575	0	Total net expenditure	192,785	192,970	+185	+133	+52
189,245	0	Budget Requirement	189,245	189,245	0	0	0
3,540		Net total	3,540	3,725	+185	+133	+52
-16,234		Balances b/f 1/4/09	-16,234	-16,234	0	0	0
0		Transfer to earmarked reserves	694	694	0	0	0
-12,694	0	Balances c/f 31/3/10	-12,000	-11,815	+185	+133	+52

Directorates' Forecast Expenditure Month 4

18. Table 2 shows further details on the budget, forecast and variance at Directorate level now reported. Further detail on each directorate is shown in Appendix A.

Table 2

2009/10 Original Budget	Budget changes	2009/10 Current Budget (as at Month 4)	Directorate	2009/10 Forecast (as at Month 4)	Variances (+ adv/- fav)		
					Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000	£'000		£'000	£'000	£'000	£'000
84,879	-796	84,083	Adult Social Care, Health & Housing	84,345	+262	+93	+169
37,274	-384	36,890	Environment & Consumer Protection	36,890	0	0	0
57,577	-866	56,711	Education & Children's Services	56,711	0	0	0
13,810	-318	13,492	Planning & Community Services	13,492	0	0	0
15,179	1,389	16,568	Central Services	16,568	0	0	0
6,900	-40	6,860	Developments Contingency	6,473	-387	-410	+23
0	0	0	Pay Award	-190	-190	-660	+470
1,800	-105	1,695	Growth to be allocated	1,695	0	0	0
217,419	-1,120	216,299	Sub-Total	215,984	-315	-977	+662
			Exceptional items:				
1210	0	1,210	Exceptional pressure: Asylum funding	2,830	+1,620	+1,110	+510
0	1000	1,000	In-year savings	0	-1,000		-1,000
1,210	1,000	2,210	Sub-Total	2,830	+620	+1,110	-490
218,629	-120	218,509	Total	218,814	+305	+133	+172

19. **Adult Social Care, Health & Housing** are projecting a **pressure of £262k** as at Month 4. This is primarily due to pressures on Mental Health Services (£318k) and equipment costs related to the changeover to a digital exchange for Careline (£90k). However there is a favourable variance in the Learning disability service of £157k reflecting care packages for new and transitional clients starting later. This forecast excludes sums for which contingency provides, for Transitional Children (£1,675k), Mental Health Services (£450k) and Homelessness (£1,300k).

20. **Environment & Consumer Protection** are forecasting a **nil variance** as at Month 4 after identifying recovery savings to contain pressures. There is a pressure of £95k in the Street Cleansing service and residual costs and loss of economies of scale on Harlington Road Depot (£179k) net of actions being taken to reduce costs. This forecast excludes the additional amount for the Waste Disposal Levy (£720k), Waste and Recycling services (£200k) and Vehicle Fuel costs (£85k), which are contingency items, where the forecasts are in line with the original budgeted amounts. There is also a further pressure on the Waste service on recycling costs which can be contained utilising the £300k provided for within the HIP initiatives for recycling projects.

21. **Education & Children's Services** are forecasting a **nil variance** as at Month 4 on normal activities. There is a £58k pressure on the Music Service and a pressure of £653k due to MTFE savings targets not yet being allocated to individual areas. However, a recovery plan to address these savings is being developed and it is expected that the Group will recover the position by the year end. These pressures exclude the pressure on asylum (£2,255k) and Exhausted All Appeal cases (£575k) which are being treated as contingency items. The Month 4 forecast for asylum represents a pressure of £1,620k on the contingency budget assumptions.
22. **Planning & Community Services** are projecting a **nil variance** as at Month 4 on normal activities, and pressures are expected to be managed within services. However this excludes pressures on Development Control (£386k), Building Control (£175k) and Land Charges (£757k) income and Golf (£262k) for which contingency provides. In total there is currently a forecast pressure of £145k on these contingency funded items.
23. **Central Services** are forecasting a **nil variance** as at Month 4. There are pressures totalling £397k including Democratic Services (£62k), Human Resources (£153k), an ongoing pressure of £97k due to tenant vacancies in Warnford Industrial Estate, a shortfall of £40k on income from schools buy back of Facilities Management services and a pressure of £25k due to maintaining and keeping secure surplus properties prior to their disposal. A recovery plan has been put in place to identify savings across the 2 Groups designed to achieve a balanced budget by the year end.
24. **Pay award:** The 2009/10 budget was based on an assumed pay award of 1.5%. Of that, 0.3% was utilised to fund the late additional award for 2008/09, leaving a balance of 1.2%. Employers originally offered 0.5%, which equated to a 0.7% saving, resulting in an underspend of around £660k. However, this has recently been increased to 1% which will reduce the underspend to around £190k.

Development & Risk Contingency: £1,233k pressure (£533k adverse)

25. £8,110k of potential calls on the Development & Risk Contingency were identified as part of the budget setting process for 2009/10, £7,320k is held in the base budget and £790k is to be met from balances. Table 3 shows the amounts that have been allocated or committed as at Month 4.

Table 3

Development and Risk Contingency	2009/10 Budget	Agreed	Forecast as needed
<i>2009/10 allocations:</i>	£'000	£'000	£'000
Total Net Contingency at start of the year	8,110		
Allocations seeking approval in Month 4			
Christmas Lights Fund for Town Centres		30	
Commitments:			
General Contingency	500		
Increase in Transitional Children due to Demographic Changes	1,675		1,675
Increase in Mental Health Packages due to Demographic Changes	450		450
Homelessness Budget - Reduction in DWP Funding	1,050		1,300
Asylum non-EAA monitoring pressure	660		2,255
Asylum Exhausted All Appeals	550		575
Waste Disposal Levy	720		732
Cost Pressures on Recycling Service	200		166
Vehicle Fuel Monitoring Pressure	85		85
Local Land Charges Income	715		757
Development Control Income	350		386
Building Control Income	108		175
Golf Courses Income	262		262
Uninsured claims	450		450
Legal Challenges	120		40
Civic Centre Energy Monitoring Pressure	100		
Provision for Planning Inquiries	75		
Joint Appointment of Director of Public Health	40		5
Total budgeted allocations	8,110	30	9,313
Excess pressure over contingency allocation	0		+1,233

26. A large proportion of the total contingency is expected to be required in full and the pressure on asylum in particular has resulted in an overall pressure of £1,233k on the contingency budget. If the asylum pressure were excluded there would be an underspend of £387k on contingency.

27. The forecast asylum spend is £2,830k in excess of base budget provision within Children's Services. This is £1,620k in excess of the net sum for which contingency provides (£1,210k). The pressure on the non EAA element of Asylum (£2,255k) comprises a pressure on over 18's due to the ongoing demand for service and the continued under-funding by the Government and also a pressure on under 18's due to the moderation of the special circumstances claim. The current forecast in Exhausted all Appeals cases (£575k) represents an adverse variance of £25k.

28. Within ASCH&H the contingency items in relation to Transitional Children and Mental Health are forecast to be needed in full at this early stage of the year. The pressure on the Homelessness contingency budget due to a reduction in DWP funding (£1,050k) is now expected to exceed this by £250k due to inflation on Private Sector Landlord rents and capped housing benefit.

29. Pressures related to the economic downturn which were highlighted in 2008/09 as exceptional items are in 2009/10 budgeted within contingency. However, as at Month 4 they are projected as being £145k more than provided within contingency. Development control income is forecast as a gross pressure of £386k, £36k in excess of that provided for within contingency. The main area of pressure is due to the limited number of major applications, however this is a volatile area and given the scale of the fees the position could change during the year. Land charge income has moved to a cost recovery basis due to a change in regulations enacted in December 2008 and current projections show a pressure on contingency of £42k. The forecast for building control income is a gross pressure of £175k, £67k above that provided for within contingency based on a reduction in income of 12% from the same period in 2008/09.

30. A sum of £85k has also been included in the contingency to cover fuel pressures. At this stage given the level of volatility in the market, it is considered prudent to forecast that the totality of this sum will be required.

31. In addition it is forecast that £450k will be required from contingency for uninsured claims, £166k for the Recycling service and £262k for Golf income.

Priority Growth: Nil variance (No change)

32. £1,800k was included in the 2009/10 budget for priority growth, with £1,100k for HIP Initiatives. The HIP initiatives Budget includes £300k of ongoing base funding as well as £800k of new growth. This provides for the continuation of schemes developed in 2008/09 including Hillingdon First and recycling pilots developed through the Waste and Energy project. In addition there is £700k of unallocated non specific growth.

33. Table 4 summarises the position with regards to each element of priority growth.

Table 4

Priority Growth	2009/10 Budget	Agreed draw downs	Commitments	Unallocated
<i>2009/10 Unallocated Priority Growth at start of the year</i>	£'000	£'000	£'000	£'000
HIP Initiatives New budget:	500			489
Agreed:				
Civic Pride/Angling		11		
Organisation People & Performance - PADA Audit work		6		
Corporate finance		65		
Communications		75		
Waste and energy	300	22	278	0
HIP Initiatives Ongoing budget:				
Customer Experience - Hillingdon First	300	77	223	0
HIP Initiatives unallocated balance	1,100	256	501	343
Unallocated non specific growth	700			700
Balance of unallocated growth	700	0	0	700
Total	1,800	256	501	1,043

34. HIP Steering group have approved £256k of allocations so far this year the detail of which is set out in table 4. This includes an additional £5.1k for additional Hillingdon First Business directories, additional resources of £65k for the corporate finance workstream and £5.8k for the organisation people and performance PADA audit agreed since month 2. In addition there are expected further commitments of £223k on Hillingdon First and £278k on Waste and Energy that will require HIP revenue funding. There is a pressure on the recycling base budgets within E&CP associated with the ongoing cost of HIP approved recycling projects, this monitoring report assumes that this sum will be funded from the £300k provided for within HIP budgets.
35. September HIP Steering Group also agreed to release £75k for Communications on various workstreams.
36. There is also a commitment of up to £100k not included in the table above, for the two town centre pilot wireless schemes, to be approved once the final costings have been agreed.
37. As at Month 4 there is an estimated £343k remaining from the HIP initiatives budget, and £700k of unallocated non-specific priority growth budget. The Month 4 forecast assumes that the balance of unallocated growth will be spent.

Corporate Budgets' Forecasts: £120k favourable (£120k favourable)

38. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 4.

Table 5

2009/10 Original Budget	Budget Changes	2009/10 Current Budget (as at Month 4)	Corporate Budgets	2009/10 Forecast Outturn (as at Month 4)	Variances (+ adv/- fav)		
					Variance (As at Month 4)	Variance (As at Month 2)	Change from Month 2
£'000	£'000	£'000		£'000	£'000	£'000	
-1,892	115	-1,777	Unallocated savings	-1,777	0	0	0
9,026	18	9,044	Financing Costs	8,924	-120	0	-120
3,690	0	3,690	FRS 17 Pension Adjustment	3,690	0	0	0
-24,703	0	-24,703	Asset Management A/c	-24,703	0	0	0
-11,965	-13	-11,978	Corporate Govt Grants	-11,978	0	0	0
-25,844	120	-25,724	Corporate Budgets	-25,844	-120	0	-120

39. Debt financing costs are now forecast to be under budget by around £120k due to debt refinancing work undertaken since the start of the year. A summary of treasury management activity is attached at Appendix B.

B) Capital

Background

40. A budget of £88,195k was set by council in February 2009 which was revised to £94,806k following the amendments to budgets, as a result of the final outturn in 2008/9.

41. The revised budget for July 2009 is now £104,741k. The further increase in this month's budget is due to a number of new grant monies that the Council has received.

Current Year Expenditure

42. Table 6 shows the actual spend to date and the projected outturn for 2009/10.

Table 6

Group	Original Budget £'000	Revised Budget £'000	Capital Spend Month 4 £'000	Actual Spend % of Revised Budget %	Forecast outturn (Month 4) £'000	Variance (Current Month) £'000
Adult Social Care, Health & Housing	3,715	5,730	1,424	25%	5,397	-333
Environment & Consumer Protection	8,443	8,754	1,641	19%	8,754	0
Education & Children's Services	23,613	32,270	1,352	4%	23,439	-8,831
Planning & Community Services	2,101	1,811	134	7%	1,986	+175
Finance & Resources	2,576	2,898	765	26%	3,124	+226
Major Construction Projects	29,181	34,267	8,333	24%	34,221	-46
Deputy Chief Executive	2,125	2,712	168	6%	2,712	0
Programme Contingency	3,196	3,196	0	0%	286	-2,910
Contingency	1,500	1,472	0	0%	534	-938
Group Total	76,450	93,110	13,817	15%	80,453	-12,657
HRA	11,745	11,631	2,653	23%	11,632	+1
Total	88,195	104,741	16,470	16%	92,085	-12,656

43. The overall Capital Programme budget is projecting an underspend of £12,656k as at Month 4, an increase of £8,358k on Month 2 reported projections. This comprises an underspend in Adult Social Care, Health and Housing (£333k), in Education and Children's Services (£8,831k), in Major Construction Projects (£46k) and in the Capital Contingency (£3,848k), which has been netted down to reflect potential funding of pressures on certain capital budgets.

44. Actual spend to date is £16,470k, which equates to 16% of the programme.

45. The schemes with pressures currently forecast totalling £1,817k are shown in table 7. Of this sum the current assessment is that £820k of this sum may ultimately, once finalised, form a call on capital contingency. The remainder is currently forecast to be covered by potential virements within the capital programme or by contributions from third parties, grant, S106 etc.

Table 7

Scheme	Funding	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn (Month 4)	Variance (Current Month)
	£'000	£'000	£'000	£'000	£'000
Library Refurbishment Programme	Council	1,100	81	1,275	+175
Boxing Club	Council	0	35	41	+41
Manor Farm	Council	0	0	350	+350
HRA - Long Lane- Mental Health Units	HRA	30	0	31	+1
ICT works at Crematorium	Council	97	0	106	+9
C/C Electrical Works	Council	55	110	238	+183
Leisure Development - Botwell Green, Hayes	Council	10,545	2,829	10,790	+245
Children's Centres - Phase 2	Grant/School Contribution/S106/School Modernisation	1,645	1,306	1,995	+350
Ruislip High School	S106 /Council	41	5	322	+281
Uxbridge High	Grant/Council/School Contribution	1,247	1,085	1,604	+357
Total		14,760	5,451	16,752	+1,817

Current Year Financing

46. Table 8 shows the financing of both the budget and the expected outturn.

Table 8

2009/10	Unsupported £'000	Capital Receipts £'000	Supported £'000	Grants £'000	HRA (inc MRA) £'000	Section 106 and other contributions £'000	Total Capital Programme £'000
Revised budget 2009/10	30,351	8,800	9,176	40,407	10,406	5,601	104,741
Forecast Outturn 2009/10	31,634	3,500	4,713	37,268	10,376	4,594	92,085

47. The level of unsupported borrowing forecast as at month 4 is £31,634k, an increase of £1,283k on the original budget. This is primarily due to the reduction in the forecast level of capital receipts. The £8,800k budgeted level of capital receipts for 2009/10 looks increasingly more difficult to deliver. There are a range of outcomes still possible but receipts could fall as low as £3,500k. This would place a significant additional pressure on financing the capital programme and would have an additional revenue impact in 2010/11 of £211k.

C) Value for Money (VFM) Gains: National Indicator (NI)179

48. The National Value for money indicator NI179 is one of the indicators in the new National Indicator Set and is the mechanism through which councils report their progress on achieving VFM gains in the Comprehensive Spending Review (CSR07) and will form part of the Corporate Area Assessment (CAA). It replaces the Annual Efficiency Statement (AES) which was the previous mechanism for reporting Efficiency (Gershon) savings during the 2004 Spending Review (SR04).

49. The CSR07 requires Councils to achieve 3% per annum of on-going cashable efficiency gains from 2008-2011. In total the expectation is that Councils will achieve £4.9bn cash-releasing efficiencies by 2010/11, measured against the 2007/08 baseline expenditure. For

Hillingdon this 3% target equates to achieving cashable efficiencies amounting to £24,596k by 2010/11.

50. The definition of the NI is “*the total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008/09 financial year*”. Councils are required to submit NI179 data twice in each calendar year. This is the second submission for this year (July 2009) and provides the 2008/09 backward look for the Council. This represents the actual cashable efficiency savings achieved for 2008/09.
51. The Council is reporting annual VFM gains for 2008/09 as £5,286k, comprising £3,987k from council services (efficiencies and procurement), £199k from asset management and £1,100k from Hillingdon Homes. The savings from council services are identified and delivered through the MTFF process, asset management VFM savings are identified from asset disposals and Hillingdon Homes are delivering efficiencies from their partnering contracts.
52. The number the Council is submitting now for NI179 also includes the value of any gains permitted for carry-forward from SR04 uplifted by the GDP deflator (2.5%). Hillingdon is therefore permitted to carry forward £19,556k. The total figure being submitted is therefore £24,842k for 2008/09 (mid year submission was £24,211k), which means Hillingdon has already achieved its 3% target.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

53. The financial implications are contained in the body of the report.

CORPORATE IMPLICATIONS

Corporate Finance

54. This is a Corporate Finance report.

Legal

55. There are no legal implications arising from this report.

BACKGROUND PAPERS

56. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

Adult Social Care, Health and Housing (ASCH&H)

Revenue: **£262k Pressure (£169k adverse)**

1. The ASCH&H budgets are predominantly demand led and affected by demographic trends requiring robust and positive management. The pattern of demand for the current year is indicating pressures first identified in the latter part of last year across a range of service areas, most notably Mental Health. The Month 4 report is, therefore, showing an adverse variance of £262k reflecting an adverse movement of £169k from the Month 2 position. The overall position for ASCH&H is set out in the table below.

Division of Service	Forecast Variance Month 4 £'000	Forecast Variance Month 2 £000	Change from Month 2 £000
Older Peoples Services	0	0	0
Physical & Sensory Disability Services	0	0	0
Learning Disability Services	-157	0	-157
Mental Health Services	+318	0	+318
Housing Benefits	0	0	0
Housing Need Services	0	0	0
ASC,H&H Other Services	+101	+93	+8
ASCH&H - Total	+262	+93	+169

Older People Services: Nil variance (No change)

2. This service is managing a gross budget of £40.5m, received £170k of unavoidable growth, £38k of growth; and a savings target of £1.1m as part of the 2009/10 budget setting process.
3. There are underlying pressures on this budget as follows:
 - a. A recent trend of increased demand for Nursing care
 - b. Additional costs incurred in arranging alternative residential and nursing placements as a result of concerns about the quality of care delivered by one provider

Physical Disabilities: Nil variance (No change)

4. This service is managing a gross budget of £9.9m, and has a savings target of £100k as part of the 2009/10 budget setting process.
5. This service is currently forecasting outturn to be on budget.

Learning Disability: £157k favourable (£157k improvement)

6. This service is managing a gross budget of £31.8m, received £935k of unavoidable growth; and a savings target of £100k as part of the 2009/10 budget setting process.
7. The favourable movement in the forecast reflects care packages for new and transitional clients starting later than previously expected; the forecast assumes that the £1.7m corporate contingency held for transitional children is received.

Mental Health: £318k adverse (£318k adverse)

8. This service is managing a gross budget of £5.7m, received £208k of unavoidable growth; and a savings target of £25k as part of the 2009/10 budget setting process.
9. Health are currently undertaking reviews of all health funded cases. These reviews are establishing that for some existing cases the costs should be met from the local authority. This is legitimate but a robust screening and assessment process is used to control this potential cost shunt in order to minimise the impact on the council. It is likely that the cost pressure on this budget will therefore continue to increase throughout this year as these reviews are completed.
10. The forecast assumes that the £450k corporate contingency held for Mental Health Services is received reducing the gross pressure from £768k to £318k reported in this forecast.

Housing Benefits: Nil variance (No Change)

11. The service is managing a gross budget of over £150m and at this stage is forecasting to be on budget. However, as reported previously this budget is under pressure as a result of increased benefit uptake. Benefit expenditure within the privately rented accommodation area is showing increases of over 35% and should this level be maintained then a pressure of around £426k is likely. At this stage a nil variance is being reported as other compensating actions available to the service are being actively investigated and if successful will mitigate this pressure.

Housing Need Services: Nil variance (No Change)

12. This service is managing a gross budget of £36m and received £550k of unavoidable growth as part of the 2009/10 budget setting process; this budget line includes Homelessness.
13. Last month a number of measures were identified to contain the pressures reported and to date these have been successful in reducing the pressure to £270k. This mitigating action is continuing in order to further reduce pressures on this budget and as at Month 4 this underlying pressure has been further reduced by nearly £100k. Officers are continuing to focus staffing efforts to contain this adverse pressure, and although further reductions are likely to prove more difficult a nil variance is being forecast. As reported previously, efforts to contain this pressure is putting at risk the council's ability to achieve the government's 2010 temporary accommodation target.
14. The forecast assumes that the £1.3m corporate contingency held for Homelessness is received.

Other ASCH&H Services: £101k adverse (£8k adverse)

15. Careline: £90k adverse variance. It is necessary to carry out works costing £90k to change the existing equipment from an analogue to a digital signal. The Council has no discretion in the matter and expenditure is now being incurred for the switchover. Although forecast as an overspend Officers continue to work at containing this spend within existing budgets if possible.
16. There is also an adverse variance of £10k for the Colne Park caravan site, which has resulted from legal costs associated with an Anti Social Behaviour Order (ASBO).

Housing HRA

17. The HRA has a gross budget of £55m. The forecast for Month 4 shows an overall favourable variance of £257k, an improvement of £255k, as set out in the table below:

Division of Service	Forecast Variance Month 4 £'000	Forecast Variance Month 2 £000	Change from Month 2 £000
HH Ltd: General and Special Services	0	0	0
HH Ltd: Repairs Services	0	0	0
LBH: General and Special Services	+43	+35	+8
LBH: Repairs Services	0	0	0
Other Expenditure	-189	0	-189
Income	-111	-37	-74
HRA Balance	-257	-2	-255

Hillingdon Homes: Nil variance (Nil variance)

18. Hillingdon Homes are experiencing a pressure of £178k due to higher utility costs (£100k), and increased insurance costs. However, Hillingdon Homes officers are examining the overall General and Special Services budget with a view to containing these pressures. As a result a nil variance is being shown although it may be necessary to review the budget in the near future.

LBH General and Special Services: £43k (£8k adverse)

19. The LBH General and Special Services forecast has improved as a result of increased consultancy commission due to achieving a greater efficiency than forecast on the use of water. The overall variance also includes higher agency staffing costs (£35k) pending recruitment as previously reported.

Other Expenditure £189k favourable (£189k improvement)

20. This forecast is now favourable primarily as a result of an improvement in the consolidated rate of interest (CRI) and after taking account of the associated subsidy impact, this has resulted in a net improvement of £227k. This has been marginally offset by other unfavourable movements including a £34k increased forecast for delays in hostels disposals.

Income: £111k favourable (£74k improvement)

21. The Income budget remains favourable and is broadly unchanged from that reported previously.

Environment and Consumer Protection (E&CP)

Revenue: Nil Variance

1. At month 4, the Group is continuing to forecast a nil variance. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

	Forecast Variance Month 4	Forecast Variance Month 2	Change from Month 2
Division of Service	£'000	£'000	£'000
Street Cleansing	+95	+95	0
Harlington Road Depot	+179	+209	-30
Recovery Plan Savings	-274	-304	+30
E&CP - Total	0	0	0

Contingent Items

2. The Council's 2009/10 contingent budget contains sums relating to the Waste Disposal Levy, cost pressures on Recycling Services and Vehicle Fuel which impact on the ECP Group position. West London Waste have set the 2009/10 levy and this utilises the full amount of the contingency with a minor adverse variance of £12k. The Borough's waste and recycling activity continues to exceed base budgeted levels, but the net position across Waste Services allowing for the available HIP recycling contingency is an improvement of £34k. The situation on vehicle fuel continues to be extremely volatile and highly dependent on the extent of any economic recovery during 2009/10, and full contingency usage is assumed at this time.

	Gross Pressure Month 4	Gross Pressure Month 2	Change from Month 2	Contingency	Net Pressure
Division of Service	£'000	£'000	£'000	£'000	£'000
Waste Disposal Levy	732	720	+12	720	+12
Waste & Recycling Services	166	200	-34	200	-34
Vehicle Fuel	85	85	0	85	0
E&CP - Total	983	1,005	-22	1,005	-22

Street Cleansing: £95k adverse (no change)

3. The net forecast pressure across Street Cleansing services relates to activity required to maintain service standards. The group are currently examining options to reduce this pressure.

Public Conveniences: Nil variance (no change)

4. A balanced position is currently forecast. However some significant one-off demolition and installation costs for the units are being incurred, and these could more than offset the running costs savings from delays in commissioning the units.

Waste Services: Variation shown against contingency

5. **Recycling Costs:** The gross pressure on Recycling is forecast at £490k. The major elements of the variance relate to Gate Fees and recycling bags, reflecting a continuing improvement in recycling performance in the first quarter of the year. This position also allows for the continuation of new initiatives that were implemented during 2008/09, for Estates Based

recycling, the Blue Sky scheme, Specialist collections and Battery Banks. The future funding of these schemes is being considered via the HIP Steering Group. The actual overspend for the first four months is £155k, but the forecast position allows for anticipated seasonal variations in the income and expenditure profiles. There is £200k available in the contingency for Waste & recycling cost pressures that can partially offset this position, along with a balance of £280k in the HIP initiatives budget to provide for the continuation of the recycling schemes.

6. **Waste Disposal:** The gross pressure of £732k reflects the increase in the 2009/10 waste levy that has now been confirmed by West London Waste Authority (WLWA) and is currently held in contingency. If this is released the current forecast for this area is a variance of £12k. The Section 52(9) budget has been reset as part of the 2009/10 levy setting. The first quarter tonnage figures from WLWA show a drop in tonnages across the constituent Boroughs compared to budgeted levels. On a simple straight-line basis this could give a favourable variance to Hillingdon of approximately 5% or £24k on the Section 52(9) charges, however trends in tonnages are susceptible to many variables, and this position will be closely monitored as the year progresses. It also indicates that WLWA is able to stay within the Landfill Allowance Trading Scheme (LATS) allowances for 2009/10, and therefore avoid any potential penalties that would ultimately be borne by the constituent Boroughs.
7. **Trade Waste:** An overachievement of income of £50k is forecast. There are some indications that the level of business coming to the Council is reducing due to the combined effect of cumulative increases in fees (in line with the Landfill Tax accelerator), and the economic downturn. The aged debt position on this service is also being closely monitored given the economic conditions.
8. **Civic Amenity Sites:** A nil variance is forecast across this service area. The position on this service area will continue to be closely monitored in line with variations in activity.
9. **Clinical Waste:** The collection and disposal of Clinical waste from residents' homes has to date been undertaken by the Hillingdon Primary Care Trust (HPCT). All associated costs of the service have also been covered by HPCT. However recently the Council have been approached by the Trust and asked to take responsibility for delivering this service. This can be required as the Environmental Protection Act 1990 clearly places the responsibility for such collection on the local authority. The other West London boroughs are already providing this service.
10. The details of the service provision are still being discussed with the PCT, however based on the client data provided to date the potential pressure from taking responsibility for this service will be £30k for 2009/10, based on half year provision. If client numbers change the costs will vary accordingly.

Harlington Road Depot: £179k adverse (£30k favourable)

11. The site has experienced a significant reduction in the intensity of usage, with the movement of Council services to the Civic Centre, together with the loss of Hillingdon Homes contributions as they move services to alternative providers. The Group are actively trying to mitigate the pressures in this area through rationalisation of the space (using the Council's rating consultants) and has sought advice from procurement on options for continuing to provide a Stores facility at the depot. The initial work is indicating that savings of approximately £30k can be made on NNDR from a review of the car park usage and arrangements with Hillingdon Community Transport.

Recovery Plan Savings: £274k underspend (£30k adverse)

12. Management action continues to be undertaken across the group to address the current pressures and seek reductions that can bring the overall position for the group in balance.

Vehicle Fuel Pressure – contingency item: Nil variance (no change)

13. The bulk diesel purchase price has averaged just under 85 pence per litre for the first four months of 2009/10. The prices remain higher than at the end of 2008/09 when they dropped back to 79 pence per litre, with an underlying upward trend. The forecast spend also needs to account for the fuel price duty that will be increasing by 2p per litre from September 2009 as part of the budget set by government in April. Commentators continue to be divided on where the oil price – and therefore diesel prices – will ultimately finish at the end of 2009/10. Most are continuing to predict a steady increase, though this is considered to be dependent on the speed and extent of any economic recovery and any constraints imposed on supplies.
14. As part of the 2009/10 MTF work a sum of £85k was included in the contingency to cover fuel pressures. At this stage given the level of volatility in the market, it is still considered to be prudent to forecast that the totality of this sum will be required. The impact on prices of oil based/dependent materials continues to be closely monitored.

Education and Children Services (E&CS)

Revenue: Nil variance (No change)

1. The Group is projecting a nil variance as at Month 4 for the 2009/10 financial year.
2. This excludes the overall pressure on asylum funding and the cost of exhausted all appeals cases which are reported under exceptional items elsewhere in this report.
3. The projected variances at Month 4 are summarised in the following table:

Division of Service	Forecast Variance Month 4 £'000	Forecast Variance Month 2 £'000	Change from Month 2 £'000
Schools	0	0	0
Director & Youth Services	-31	-24	-7
Resources, Policy & Performance	-15	0	-15
Learning & School Effectiveness Service	+58	+58	0
E&CS Central Budget	+913	+653	+260
Children & Families Service	0	+312	-312
Recovery Plan Savings	-925	-999	+74
E&CS - Total	0	0	0

Schools: £0k

4. The Schools Budget is ring fenced and funded from the DSG. Schools' payroll and non-payroll expenditure is monitored quarterly with any forecast year-end deficits being the subject of detailed discussions with the schools concerned. Schools forecasting deficits are required to supply recovery plans identifying how they intend to eliminate their deficit, but these do not affect the general fund.
5. Any underspend or overspend of the Schools Budget in 2009-10 would be carried forward into 2010-11 and would have no effect on the General Fund.

Director & Youth Services: £31k underspend (Improvement of £7k)

6. The slight improvement is due to late recruitment to vacant posts within the Youth & Connexions Services.

Resources, Policy & Performance: £15k underspend (Improvement of £15k)

7. The slight improvement is due to short term savings from vacant posts within the RPP division.

Learning & School Effectiveness: £58k adverse (No Change)

8. There has been no change to the pressure within the Music services as reported in Month 2.

E&CS Central Budget: £913k Adverse (£260k Adverse)

9. As reported previously £653k of the previous year's MTF savings agreed by members have not yet been allocated to individual areas. The £260k adverse movement is due to the additional savings allocated to the Group since Month 2.

10. An action plan is currently being implemented by the group to ensure that, where possible, savings will be identified to offset the pressures identified above.

Children and Families: £0k Breakeven (£312k improvement)

11. The improvement of £312K is due to changes in placement costs. There are significant changes in activity but the data has been thoroughly reviewed and the latest estimated costs of placements overall now indicates that there will be a break-even position, due to the preventative work being undertaken.

Recovery Plan Savings: £925k underspend (£74k improvement)

12. The group is seeking to address the current pressures to balance the budget. An action plan has been drawn up which will initially focus on reviewing all ECS grant allocations to apply funding where possible to address the budget pressures. Recruitment continues to be closely monitored and challenged by senior management.

Exceptional Items: Asylum Service £2,830k (£1,620k greater than that provided for in contingency)

13. The Asylum Service is reporting a budget pressure of £2,255k, an adverse movement of £406k, for over 18's due to the ongoing demand for the service and the continued under-funding by the Government and in respect of the moderation of the Special Circumstances grant for under 18's.

14. There is also a budget pressure totalling £575k, an adverse movement of £104k, for Exhausted All Appeal clients.

15. Action has already been undertaken to reduce the shortfall on Asylum funding whilst maintaining service levels. Five social workers and a management post have been cut from the service for this financial year to bring costs down. This has led to a reduction in the gross costs of the service. However, the age profile of the clients has led to a decrease in grant income as more asylum seekers turn 18. This has led to the net position being worse than in previous years even though numbers are falling. However, continuing to provide services to asylum seekers as over 18's costs the authority less than provision for general non-asylum Leaving Care clients, so this in effect reduces the overall Council pressure.

Planning and Community Services (P&CS)

Revenue: Nil variance

1. The Group has a draft outturn position of nil variance. This excludes all pressure areas that have identified contingent provisions.

Division of Service	Forecast Variance Month 4 £'000	Forecast Variance Month 2 £'000	Change from Month 2 £'000
Community Safety	0	0	0
Arts Service	0	0	0
Libraries	0	0	0
Adult Education	0	0	0
Leisure	0	0	0
Planning & Transportation	0	0	0
Group Directorate	0	0	0
P&CS - Total	0	0	0

Contingent Items

2. The Planning income streams were identified as exceptional items last year. This was due to the downturn in the economy which had impacted the housing market severely and has continued to do so. The Authority's 2009/10 contingent budget contains provision for these affected income streams. The net position after the application of the contingency is shown in the table below

Contingent Item	Gross Pressure Month 4 £'000	Month 2	Change from Month 2	Contingency £'000	Net Pressure £'000
Development Control	+386	+435	-49	+350	+36
Building Control	+175	+141	+34	+108	+67
Land Charges	+757	+727	+30	+715	+42
Golf	+262	+262	0	+262	0
P&CS - Total	+1,580	+1,565	+15	+1,435	+145

Development Control Income

3. The forecast for Development Control income as a gross pressure has decreased to £386k from month 2, the net position after the contingency would be £36k. The main areas of pressures are the fees for Major applications that are currently forecast to fall by 30% compared to 2008/09. This is a volatile area given the scale of fees, which can be significant, and the limited volume of applications. Major applications normally accounts for 2/3rds of the Development Control Income. The other areas of income that are for Minor and Other applications continue to be depressed and are now down by 28% and 23% respectively from the 3 year average levels, which is a deterioration from the 20% fall reported previously.

Building Control Income

4. The forecast for Building Control income is a gross pressure of £175k, a deterioration of £34k, and the net position is now forecast to be £67k. Income for April and July is 12% down from the same period in 2008/09.

Land charges

5. Land charge income has moved to a cost recovery basis due to a change in regulations enacted in December 2008. The net pressure currently forecast after the contingent allocation would be £42k.
6. Not reflected in the forecast yet is the potential impact from the recent guidance issued from the Information Commission Office (ICO). The guidance suggests that the majority of property search data is environmental information and that local authorities therefore are obliged to allow inspection of this information at no charge. The LGA on behalf of local authorities are set to challenge the guidance so it is not clear at this stage if this will be upheld.

Golf

7. This position assumes the allocation of £262k from contingency for Golf. The Golf budgets have been set to match the expected income from Mack trading. The fixed contract element is £280k (£210k courses and £70k driving range) and a further £100k for the variable element for the driving range, £380k in total. However the budget held in contingency of £262k is still required and will need to be allocated to the service.

Community Safety: Nil variance

8. The service is currently forecasting a nil variance.

Arts Service: Nil variance

9. The service is reporting pressure on its income streams. This can be seen to be related to the general difficulties with the economic conditions which began to affect the service last year. Action is being taken to try to mitigate these effects

Libraries: Nil variance

10. The Library service is currently forecasting a nil variance

Adult Education: Nil variance

11. The grant allocation for 2009/10 is still subject to negotiation, the service is not expecting there to be any budget pressures and is reporting a balanced position.

Leisure: Nil variance

12. There are 2009/10 savings targets to be achieved in leisure, which are linked with the contracting out of Leisure services for the new build leisure centre at Botwell and other existing in-house sites. The outcome of this was reported to Cabinet in July. The effect on the 2009/10 budget will be reported when the contract is finalised which is expected to be completed in September, but the current assumption is that savings will be achieved.

Planning and Transportation: Nil variance

13. With the exception of planning income streams that are outlined above as part of the contingency section, the rest of the service is reporting a nil variance.

2009/10 In-year Efficiency Target

14. The Group is looking to meet its in-year savings target of £90k by slowing down some of the recruitment to its vacant posts.

Central Services

Revenue: Nil variance (No change)

1. The forecast position for the central services revenue budget is a breakeven position. However, the 2 departments have pressures totalling £397k for which they are developing mitigating savings plans.

Division of Service	Forecast Variance Month 4 £000	Forecast Variance Month 2 £000	Change From Month 2 £000
Deputy Chief Executive's Office	+235	+30	+205
Finance and Resources	+162	+137	+25
Recovery Plan Savings	-397	-167	-230
Central Services - Total	0	0	0

Deputy Chief Executive's Office: £235k pressure, £205k adverse

2. The Deputy Chief Executive's Office budgets are projecting a pressure of £235k at month 4, an adverse movement of £205k from month 2. This is due to a number of factors as set out below:
 - There is a projected pressure of £153k in Human Resources, which relates to the need for agency staff in both the new HR team and the new Payroll team, whilst the permanent structure is being recruited to, this includes the costs of the Head of the service up to the point of handover to the now permanent Head.
 - There is a projected pressure of £82k in Democratic Services, which relates to a pressure of £34k on salary costs, an anticipated shortfall of £20k in the anticipated income that will be received in the Registration of Births, Deaths and Marriages, an estimated cost of £20k following a restructuring of the service, and other pressures totalling £8k.

Finance & Resources: £162k pressure, £25k adverse

3. The Finance & Resources Directorate budgets are projecting a pressure of £162k at month 4, an adverse movement of £25k on last month's projections. This is due to ongoing pressures within Corporate Property Services, as set out below:
 - There is an ongoing pressure on income streams from commercial properties of £97k, due to a number of vacant tenancies in the Warnford Industrial Estate and 192 High Street, where the premises have remained vacant for a number of months.
 - There is an anticipated shortfall of £40k on income from schools buy back of FM services, due to schools opting to procure services directly rather than through the FM Team.
 - There is a pressure of £25k on the cost of maintaining and keeping secure surplus properties prior to their disposal.

Recovery Plan Savings: £397k saving, an increase of £230k

4. Work is being carried out to identify savings across both departments to ensure that the pressures identified above can be managed down by the year end.

Capital Programme: £12,656k underspend (£8,358k improvement)

1. The Capital Programme budget is projecting an underspend of £12,656k as at Month 4 an increase of £8,358k on Month 2 reported projections. This comprises an underspend in Adult Social Care, Health and Housing (£332k), in Education and Children's Services (£8,831k), in Major Construction Projects (£46k) and in the Capital Contingency (£3,848k), which has been netted down to reflect potential funding of pressures in Planning and Community Services (£175k) and Central Services (£226k).
2. Expenditure to month 4 across the whole capital programme budget is £16,470k which equates to 16% of the programme. Further detail is provided below for each individual department.

HRA: £1k overspend (No change)

3. A summary of the programme for HRA is shown below :

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released Y/N	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000		£' 000	%	£' 000	£' 000
Capital Works	10,000	9,746	Y	2,640	27%	9,746	0
Estates Improvements	1,125	1,125	Y	0	0%	1,125	0
Cash Incentive Scheme	100	100	Y	0	0%	100	0
New Build – Redevelopment	290	330	N	0	0%	330	0
New Build – Long Lane	30	30	Y	0	0%	31	+1
Other Projects	200	300	Y	13	0%	300	0
HRA – Total	11,745	11,631		2,653	23%	11,632	+1

Adult Social Care, Health and Housing: £333k underspend (£333k improvement)

4. A summary of the programme for Adult Social Care, Health and Housing is shown below :

Capital Schemes 2009/10	Original Budget £' 000	Revised Budget £' 000	Budget Released Y/N	Capital Spend Month 4 £' 000	Actual % of Revised Budget %	Forecast Outturn £' 000	Variance (Current Month) £' 000
100% Grant Funded							
PSRSG for WL Empty Property Grant	0	1,007	N	193	19%	1,007	0
Mental Health – Mead House	114	345	Y	0	0%	345	0
Improving Care Homes Environment for OP	0	3	Y	0	0%	-3	-3
ASC,H&H (Non HRA – 100% Grant Funded) – Total	114	1,355		193	14%	1,352	-3
Non-Grant Funded							
Disabled Facilities Grants	2,040	2,017	Y	962	48%	2,017	0
Private Sector Renewal Grants	390	390	Y	46	12%	390	0
Colne Park Caravan Sites	302	374	N	9	2%	212	-162
Improving Information Management and ESCR	218	565	Y	50	9%	565	0
Enabling Electronic Social Care Record	100	276	Y	164	59%	276	0
Learning Disability Modernisation Programme	243	375	Y	0	0%	277	-98
Mental Health Phase 2 – Hayes Park House	0	40	Y	0	0%	0	-40
Mental Health Phase 3 – Group Homes	0	30	Y	0	0%	0	-30
Purchase of Benefits customer self-service facilities	225	225	N	0	0%	225	0
Purchase of Supporting People software	83	83	N	0	0%	83	0
ASC,H&H (Non HRA – Non Grant Funded) – Total	3,601	4,375		1,231	28%	4,045	-330
ASC,H&H – Total	15,460	17,361		4,077	23%	17,029	-332

- Expenditure to date is £4,077k out of a revised budget of £17,361k, which accounts for 23.5% of the total programme budget. The original budget of £15,460k has been increased by £1,901k to £17,361k, due to the transfer of balances relating to the slippage of 2008/09 schemes and £807k in grant relating to empty properties.
- To date 14 schemes out of a total of 19 schemes (74%) have been released from the capital moratorium. The other 5 schemes are currently in the process of drafting capital release reports.
- The projected underspend of £333k relates primarily to a delay in the refurbishment of Colne Park Caravan Site (£162k under), and the Learning Disability Modernisation Programme (£98k under), due to some works being completed as part of the 2008/09 programme, which will no longer be required in 2009/10. The underspend of £70k across the Mental Health (Phases 2 and 3) is due to costs being met from the HRA or from the revenue account.

Environment and Consumer Protection: Nil Variance (No change)

8. A summary of the programme for Environment and Consumer Protection is shown below.

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released Y/N	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000		£' 000	%	£' 000	£' 000
Highways Improvements	1,358	1,358	N	23	2%	1,358	0
Cabinet Member Initiatives – Highways							
Road Safety	250	250	N	1	0%	250	0
Traffic Congestion Mitigation	200	200	N	1	0%	200	0
Street Lighting	300	300	N	52	17%	300	0
Cabinet Member Initiatives - Parks & Streetscene							
Green Spaces Strategy	250	250	N	82	33%	250	0
Street Scene	250	250	N	0	0%	250	0
Cabinet Member Initiatives – Improvement, Partnerships & Community Safety							
CCTV Programme	250	250	N	0	0%	250	0
Breakspear Crematorium	1,700	1,876	Y	738	39%	1,876	0
Car Park Schemes	200	200	N	0	0%	200	0
Ruislip Lido	0	18	Y	0	0%	18	0
Hillingdon First – Parking Meters	0	192	Y	0	0%	192	0
Other Schemes - Public Conveniences	0	185	Y	181	98%	185	0
E&CP – Sub Total	4,758	5,329		1,078	20%	5,329	0
BSP funded by Transport for London	3,685	3,425	Y	563	16%	3,425	0
TFL (100% Grant Funded) – Sub Total	3,685	3,425		563	16%	3,425	0
E&CP – Total	8,443	8,754		1,641	19%	8,754	0

9. Expenditure to date is £1,641k out of a budget of £8,754k, which accounts for 18.7% of the total programme budget. The original budget of £8,443k has been increased by £311k to £8,754k, due to the transfer of balances relating to the slippage of 2008/09 schemes. These include Highways Improvements, Breakspear Crematorium, Green Spaces (Hayes End Community Park pathworks, Street lighting and Road Safety).

10. To date 5 schemes (38%) out of a total of 13 schemes have been released from the capital moratorium. The other 8 schemes have not yet been released. Expenditure incurred on these schemes in 2009/10 relates to programmes of works that started in 2008/09.

11. The majority of the expenditure to date has been incurred on Breakspear Crematorium (£738k), where the project is expected to be completed by the end of the calendar year, Public Conveniences (£181k), where public toilets sited in Northwood Hills, Eastcote and West Drayton have been purchased and are in the process of being sited and installed, Green Spaces (£82k), which relates to the Hayes End project, BSP funded by Transport for London (£563k), where the deadline to recharge TfL for all costs incurred in the implementation of 2008-09 programme is 31 August 2009, where it is expected that all costs incurred will be fully funded and Street Lighting (£52k), which relates to schemes approved in the 08-09 programme that have slipped into 2009-10 (total estimated cost is £70k).

12. A full programme for Highways Improvements has been drafted and the schemes are ready to be commissioned to Enterprise-Mouchel, the Highways commissioning contractor. The programme is currently subject to the moratorium, therefore the ability to spend the full programme will be dependent on the timing of the approval process.

13. The Car Park Improvement works relates to the Cedars and Grainges car parks, where it is anticipated that these will be carried out by November 2009, this is currently subject to the moratorium, therefore the ability to spend the full programme will be dependent on the timing of the approval process.
14. Work is ongoing to identify programmes of work for Cabinet Member Initiative Budgets, that can begin once the capital release is approved. These include, Road Safety, where at present schemes totalling £50k are ready to be commissioned, with an expectation that the programme can and will be spent in full, Traffic Congestion Mitigation, where at present the Long Lane Pelican crossing has been identified as a scheme costing £90k, with further proposals including schemes at Church Road and the Yiewsley/ West Drayton High Street, and Street Scene/ Furniture, where a full programme has been drafted.
15. It is anticipated that all schemes will come in on budget, where capital release approval is received.

Education and Children's Services: £8,831k underspend (£8,831k improvement)

16. A summary of the programme for Education and Children's Services is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released Y/N	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000		£' 000	%	£' 000	£' 000
100% Grant/Externally Funded							
Early Years Foundation Stage – Surestart	0	282	Part	223	79%	282	0
Extended Schools	606	773	N	129	17%	573	-200
Extension of Nursery Care / Education	1,854	1,249	Part	24	2%	1,249	0
Formula Capital Devolved to Schools	6,388	8,193	Y	412	5%	5,023	-3,170
Guru Nanak - Expansion 2010	3,000	2,886	Y	306	11%	2,886	0
Home Access for Targeted Groups	0	95	N	0	0%	95	0
Information Systems – Every Child Matters	0	41	N	7	17%	41	0
ISPP Project (Parents & Providers)	0	24	Y	0	0%	24	0
Pathfinder (Playgrounds)	0	530	N	0	0%	530	0
Pinkwell	0	709	Y	0	0%	0	-709
Primary Capital Programme – indicative	3,893	3,893	N	0	0%	3,893	0
Rosedale College S106 – only	26	26	Y	0	0%	26	0
Ruislip High School	0	327	N	0	0%	60	-267
School travel Plans	112	126	Y	5	4%	126	0
Schools Kitchens	594	3,209	N	0	0%	3,209	0
Specialist Schools	0	193	Y	7	4%	193	0
Surestart - AHDC short breaks	157	157	N	0	0%	157	0
Investment in Young People's Facilities	0	167	N	0	0%	167	0
Total 100% Grant/Externally Funded	16,630	22,880		1,113	5%	18,534	-4,346
Non Grant Funded							
Expansion Haydon	726	930	Y	43	5%	930	0
School Improvement Programme	2,000	4,203	Y	171	4%	2,475	-1,728
School Places Provision (Basic Needs)	3,757	3,757	N	5	0%	1,000	-2,757
Schools Access Programme	500	500	N	20	4%	500	0
Total 100% Non Grant Funded	6,983	9,390		239	3%	4,905	-4,485
E&CS – Total	23,613	32,270		1,352	4%	23,439	-8,831

17. Expenditure to date is £1,352k out of a budget of £32,270k, which accounts for 4.2% of the total programme budget. The original budget of £23,613k has been increased by £8,657k to £32,270k, as it now includes grant funding brought forward from 2008/09, modernisation funding which has been brought forward from 2010/11 to 2009/10, DFC funding (40% of the 2010/11 funding), which has been brought forward from 2010/11 to 2009/10, Targeted Capital Grant Funding for School Kitchen Improvements and slippage relating to 2008/09 schemes.

18. To date 11 schemes (52% of a total of 21 schemes) have been released from the capital moratorium. The other 10 schemes have not yet been released.

19. The majority of the expenditure to date relates to Devolved Formula Capital (£412k, which is updated from the school's quarterly financial returns), Guru Nanak (£306k), Early Years Foundation Stage (£223k), the School Improvement Programme (£171k) and Extended Schools (£129k).

20. The underspend identified in Devolved Formula Capital (DFC), Schools Improvement Programme, Extended Schools and School Travel Plans are based on the quarter 1 schools

financial returns. It should be noted that grant funding relating to DFC, Extended Schools and School Travel Plans, allows the schools to carry forward the funds and in some instances they will have up to three years to spend the annual allocations.

21. The underspend of £2.8 million on the School Places Provision is due to a number of factors. This funding will be needed for urgent school place projects, it has already been identified that there is a need to provide additional school places in the Hayes area by September 2010. It is also expected that the majority of spend on the Longmead project will fall into 2009/10 and 2010/11, as relevant Section 106 funding will be utilised first.

Planning and Community Services: £175k overspend (£175 adverse)

22. A summary of the programme for Planning and Community Services is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released Y/N	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000		£' 000	%	£' 000	£' 000
100% Grant/Externally Funded							
SSCF	0	100	Y	5	5%	100	0
S106/S278 Schemes	411	411	Y	32	8%	411	0
NLDC	0	10	Y	6	60%	10	0
Total 100% Grant/Externally Funded	411	521		43	5%	521	0
Non Grant Funded							
Assisted Funding	150	150	N	10	7%	150	0
Libraries Refurbishment	1,500	1,100	Y	81	7%	1,275	+175
Voltage Optimisation Equipment	40	40	N	0	0%	40	0
Total Non Grant Funded	1,690	1,290		91	7%	1,465	+175
P&CS – Total	2,101	1,811		134	7%	1,811	+175

23. Expenditure to date is £134k out of a budget of £1,811k, which accounts for 7.4% of the total programme budget. The original budget of £2,101k has decreased by £290k to £1,811k, due to the transfer of balances relating to the slippage of 2008/09 schemes and a transfer of resources from the Library Refurbishment programme for the fit out of the Botwell Library.

24. To date 4 schemes (67% of a total of 6 schemes), have been released from the capital moratorium. The other 2 schemes have not yet been released.

25. The majority of the expenditure to date relates to the Library Refurbishment programme (£81k). With the completion of the refurbishment works at Harefield and West Drayton libraries, the work plan for the phase II programme is well underway and will comprise of the following libraries: Oaklands Gate (Northwood), Kingshill (Charville), Ickenham and Yiewsley. The contract to refurbish these libraries was awarded to JDI Interiors at the May Cabinet meeting.

26. The projected overspend of £175k reported relates to the anticipated total cost of the Library Refurbishment programme for the schemes identified above, after transferring £400k for the fit out costs of Botwell.

Major Construction Projects: £46k underspend (£46k improvement)

A summary of the programme for the newly created Major Construction Projects is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released Y/N	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000		£' 000	%	£' 000	£' 000
Planning and Community Services							
Brookfields – Second Floor	0	264	Y	4	2%	262	-2
Hillingdon Sports and Leisure Centre	8,707	8,468	Y	2,723	22%	8,468	0
Botwell Green (including Gymnastics Centre and Library fit out)	8,645	10,545	Y	2,829	27%	10,790	+245
Boxing Club	0	0	Y	35	100%	41	+41
Minet Cycle Club	250	250	N	0	0%	250	0
Queensmead Fitness Centre Refurbishment	80	80	N	0	0%	80	0
Education and Children's Services – 100% Grant/Externally Funded							
Children's Centres – Phase 2	2,075	1,645	Y	1,306	79%	1,995	+350
Children's Centres – Phase 3	0	2,473	N	73	3%	2,473	0
Longmead	2,323	2,185	Part	96	4%	1,491	-694
Pinkwell New Classrooms	1,199	400	Y	7	2%	400	0
Education and Children's Services – Non Grant Funded							
Harefield School Nursery	52	1,247	Y	0	0%	1,247	0
Glebe Primary School	0	229	Y	93	41%	229	0
Heathrow Primary	0	181	Y	3	2%	172	-9
Ruislip High School	0	41	Y	5	12%	322	+281
Targeted Capital - Oak Farm	45	398	Y	0	0%	398	0
Targeted Capital - Uxbridge High	1,180	1,247	Y	1,085	87%	1,604	+357
New Young People's Centre	3,010	2,999	Part	74	2%	2,389	-610
Finance & Resources							
Farm Barns	15	15	N	0	0%	10	-5
Environment and Consumer Protection							
New Years Green Lane Civic Amenity Site	1,600	1,600	N	0	0%	1,600	0
Major Construction Projects – Total	29,181	34,267		8,333	24%	34,221	-46

27. Expenditure to date is £8,333k out of a budget of £34,267k, which accounts for 24.3% of the total programme budget. The original budget of £29,181k has increased by £5,086k to £34,267k, due to the transfer of balances relating to the slippage of 2008/09 schemes and a transfer of resources for a number of schemes including the Library Refurbishment programme for the fit out of the Botwell Library and the Children's Centres.

28. To date 13 schemes (72% of a total of 18 schemes), have been released from the capital moratorium. The other 5 schemes have not yet been released

29. The majority of the expenditure has been incurred on the Hillingdon Sports and Leisure facility (£2,723k), the Botwell Green facility (£2,829k), the Children's Centres – Phase 2 (£1,306k) and Uxbridge High (£1,085k).

30. There are a number of variances reported, which relate to the following schemes:

- a. £245k overspend on the Botwell Green Leisure Development. This is currently being investigated to confirm the actual figures.

- b. £41k overspend on the Boxing Club, where there are a number of outstanding invoices due to unforeseen works that were not anticipated in the original project plan.
- c. Children's Centres – Phase 2 are projecting an overspend of £350k. A review of all funding sources and projected expenditure is currently being undertaken to identify the severity of the overspend and whether any further grant monies, S106, contributions from schools or council resources can be applied.
- d. There is a projected overspend of £281k on the Ruislip High School project. A review of all funding sources is currently being undertaken to identify whether any further grant monies or S106 monies can be applied.
- e. There is a projected overspend of £357k on the Uxbridge High School project. The expectation is that the school will fund this.
- f. The projected slippage of £694k on the Longmead School project relates to grant monies which will need to be carried forward into 2010/11.
- g. The underspend of £610k on the Young People's Centres relates to a delay in one of the centres, which will be completed in 2010/11. These resources will need to be carried forward into 2010/11.

Central Services: £226k overspend (£226k adverse)

31. A summary of the programme for Central Services is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Budget Released Y/N	Capital Spend Month 4	Actual % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000		£' 000	%	£' 000	£' 000
Leader's Initiative	200	200	N	0	0%	200	0
Chrysalis	1,000	1,000	Y	168	17%	1,000	0
Town Centre Initiative	325	325	N	0	0%	325	0
Townfield Community Centre	0	787	Y	0	0%	787	0
HIP Projects	600	400	N	0	0%	600	0
DCE - Total	2,125	2,712		168	6%	2,712	0
ICT Asset Management Strategy	500	500	N	159	32%	500	0
ICT Works at the Crematorium	0	97	Y	15	15%	106	+9
Property Enhancement Programme	500	500	N	26	5%	500	0
Victoria Hall	0	63	Y	51	81%	63	0
Manor Farm	0	0	Y	43	100%	350	+350
YOT Consolidation Link 1A/Cashiers	372	413	Y	26	6%	380	-33
Civic Centre Electrical Works	2	55	Y	211	384%	238	+183
Hillingdon First Card	182	200	Y	200	100%	200	0
Civic Centre Security Improvements	236	236	N	0	0%	136	-100
Civic Centre - Photovoltaic Cells	34	34	Y	34	100%	34	0
Civic Centre Enhancements	750	750	N	0	0%	567	-183
Civic Centre Boilers	0	50	N	0	0%	50	0
F&R - Total	2,576	2,898		765	26%	3,124	+226
Central Services - Total	4,701	5,610		933	17%	5,610	+226

32. Expenditure to date is £933k out of a revised budget of £5,610k, which accounts for 17.7% of the total programme budget. The original budget of £4,701k has been increased by £909k to £5,610k, due to the transfer of balances relating to the slippage of 2008/09 schemes and additional grants.

33. To date 9 schemes (53% of a total of 17 schemes), have been released from the capital moratorium. The other 8 schemes have not yet been released.

34. The majority of the expenditure has been incurred on the Improvements to the Storage Area Network (£159k) the Civic Centre Electrical Works (£211k), Hillingdon First Card (£200k) and the Chrysalis Programme (£168k).

35. There are a number of variances reported, which relate to the following schemes:

- a. An overspend of £350k on the Manor Farm project. This project was completed in 2008/09. A review of the draft final account indicates that there is a budget pressure of at least £350k.
- b. The £183k variance on the Civic Centre Electrical Works is due to a number of complications that were identified as part of the installation process that needed to be addressed before any further works could be completed. Officers are exploring options to ensure that these are contained within the directorate's overall capital programme budget. The first call on the Civic Centre Enhancements could be utilised to fund the pressure identified on the Civic Centre Electrical Work.
- c. There are early indications that not all of the funds will be needed in respect of Civic Centre Security Improvements, which could result in an underspend of £100k.

Capital Contingency: £3,848k underspend (£450k improvement)

36. A summary of the programme contingency is shown below:

Capital Schemes 2009/10	Original Budget	Revised Budget	Capital Spend Month 4	Actual Spend % of Revised Budget	Forecast Outturn	Variance (Current Month)
	£' 000	£' 000	£' 000	%	£' 000	£' 000
Programme Contingency	3,196	3,196	0	0%	286	-2,910
Contingency	1,500	1,472	0	0%	534	-938
Contingency - Total	4,696	4,668	0	0%	820	-3,848

37. The forecast outturn of £820k assumes that all of the pressures identified below will need to be funded from the contingency.

Scheme	Funding	Revised Budget	Actual Spend (incl accruals)	Forecast Outturn (Month 4)	Variance (Current Month)
	£'000	£'000	£'000	£'000	£'000
Programme contingency					
Boxing Club	Council	0	35	41	+41
Leisure Development - Botwell Green, Hayes	Council	10,545	2,829	10,790	+245
Sub Total					+286
General contingency					
Library Refurbishment Programme	Council	1,100	81	1,275	+175
Manor Farm	Council	0	0	350	+350
ICT works at Crematorium	Council	97	0	106	+9
Sub Total					+534
Total		11,742	2,945	12,562	+820

APPENDIX B

Treasury Management Update

1. The following information is to provide an update on the activities on the Treasury function for the month of July.
2. As at 31 July 2009 the Council's portfolio of deposits and debt was as follows.

Outstanding Investments

	Actual £m	Actual %	Bench- mark %
Up to 1 Month	39.5	38.9	35
1-2 Months	0	0	25
2-3 Months	10.6	10.4	10
3-6 Months	10.6	10.4	10
6-9 Months	18.3	18.1	15
9-12 Months	5.0	4.9	5
12-18 Months	0	0	0
18-24 Months	0	0	0
Subtotal	84.00	82.7	100
Unpaid Maturities	17.6	17.3	0
Total	101.6	100	100

Average Rate of Return on cash deposits: 1.80%

3. With the exception of the unpaid Icelandic cash deposits, the council's deposits are held with UK institutions and Money Market Funds, which hold AA- or AAA long-term credit ratings.
4. Deposits are currently held with the following institutions: Fidelity Institutional Cash Fund, Henderson Money Market Fund, Invesco Aim Institutional Fund, Standard Life Investment Fund, Nationwide Building Society, Abbey National, Barclays Bank, Clydesdale Bank, Lloyds TSB Group and Royal Bank of Scotland.
5. During July fixed-term deposits have continued to mature in line with our cash flow requirements, new long-term deposits have been made in order to meet future cash flow requirements.
6. There are currently significant balances held in instant access accounts for the short-term cash flow management, these accounts continue to offer significantly better rates of return than fixed-term investments up to two months.

Outstanding Debt

	Actual £m	Actual %
PWLB	124.6	72
Long-Term Market	48.0	28
Temporary	0	0
Total	172.6	100

Average Interest Rate on Debt: 4.05%

7. During July £0.2m of debt was repaid prematurely on Mortgage Loans. Although this repayment was completed at a premium of £18.6k, it reduced the average rate on the debt portfolio from 4.06% to 4.05%. The premium will be spread over the remaining life of the loan as at the repayment date.

Ongoing Strategy

8. The Council has had to plan a large outflow from short-term cash balances in August as a result of the Council having to pay the balance of £22.6m owed to the central government pool from NNDR monies collected during 2008/9. The strategy will be to build up these short-term balances to provide liquid funds for future cash flow commitments.
9. Over the coming months opportunities for restructuring of debt will continue to be monitored.