

COUNCIL BUDGET - MONTH 2 2011/12

REVENUE AND CAPITAL MONITORING

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

HEADLINE INFORMATION

Purpose of report	The report sets out the Council's overall 2011/12 revenue & capital position, as forecast at the end of Month 2 (May). The in-year revenue position is forecast as an underspend of £1,088k. Total capital expenditure for 2011 -15 is forecast to be £5,951k lower than revised budget, with a forecast underspend in 2011/12 of £17,807k.
Contribution to our plans and strategies	Achieving value for money is an important element of the Council's medium term financial plan.
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 2
2. Note the treasury update at Appendix B
3. Approves the virement of £150k of Council resources from Ruislip High School Expansion to Primary School Expansions
4. Approves the retaining of agency staff as detailed in Appendix C
5. Approves the changes to fees & charges for filming as detailed in Appendix D

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 2011/12.
2. Recommendation 3 is included to realign budgets with current service requirements.

Alternative options considered

3. There are no other options proposed for consideration.

SUMMARY

A) Revenue

4. The in year revenue monitoring position as at Month 2 (May) shows that forecast net expenditure for the year 2011/12 is £1,088k less than the budget. However, there are a number of significant pressures being forecast in services, many of which were known at budget setting and are provided for in contingency. The remaining overspend is offset by the projected underspend in capital financing costs of £2,000k due to budgets set aside in advance for schools capital financing and other priority projects, which are not forecast to be needed in this financial year.
5. The balances brought forward at 31st March 2011 were £17,022k. £1,793k of this sum was applied in support of the 2011/12 budget as part of the budget strategy agreed at Council Tax setting. The forecast balances as at 31st March 2012 are £16,317k as a result of the budgeted drawdown from balances (-£1,793k) and the forecast in-year underspend (£1,088k).

B) Capital

6. Forecast General Fund capital expenditure for 2011/12 is £76,210k, compared to a revised budget of £94,017k. £13,702k of this variance relates to rephasing of projects into 2012/13.
7. The Council Resourced programme for 2011-15 is currently reporting a net pressure of £367k, consisting of £3,111k pressures and £2,744k of underspends.
8. Latest forecasts on the HRA capital programme indicate a 2011/12 outturn of £14,776k from a revised budget of £15,122k. The reported variance of £346k relates to a rephasing of expenditure into 2012/13.

A) REVENUE

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

Table 1

2011/12 Original Budget	Budget Change s		2011/12 (As at Month 2)		% Var of budget	Variations (+ adv/- fav)
			Current Budget	Forecast		Variance (As at Month 2)
£'000	£'000		£'000	£'000		£'000
250,289	-2,664	Directorates Budgets on normal activities	247,625	248,538	0%	+912
-53,751	2,664	Corporate Budgets on normal activities	-51,087	-53,087	4%	-2,000
196,539	0	Total net expenditure	196,539	195,451	-1%	-1,088
-194,746	0	Budget Requirement	-194,746	-194,746		0
1,793	0	Net total	1,793	705		-1,088
-17,022		Balances b/f 1/4/011	-17,022	-17,022		0
		Transfer from earmarked reserves				0
-15,229	0	Balances c/f 31/3/10	-15,229	-16,317		-1,088

Directorates' Forecast Expenditure Month 2

10. Table 2 shows further details on the budget, forecast and variance at Directorate level. Further detail on each directorate is shown in Appendix A. The group forecasts exclude sums provided for in contingency which are set out in table 3.

Table 2

2011/12 Original Budget	Budget changes	2011/12 Current Budget (as at Month 2)	Directorate		2011/12 Forecast (as at Month 2)	% Var of budget	Variations (+ adv/- fav)
							Variance (As at Month 2)
£'000	£'000	£'000			£'000		£'000
326,915	-7,893	319,021	SCHH	<i>Exp</i>	320,642	1%	+1,621
-199,190	448	-198,742		<i>Inc</i>	-199,169	0%	-427
127,724	-7,445	120,279		Total	121,473	1%	+1,194
396,479	-7,689	388,791	PEECS	<i>Exp</i>	388,425	0%	-366
-301,269	4,575	-296,694		<i>Inc</i>	-296,004	0%	+690
95,210	-3,114	92,096		Total	92,420	0%	+324
21,018	7,991	29,008	CS	<i>Exp</i>	29,007	0%	-1
-7,249	-96	-7,345		<i>Inc</i>	-7,350	0%	-5
13,769	7,895	21,663		Total	21,658	0%	-6
11,786	0	11,786	Contingency		11,186	-5%	-600
1,800	0	1,800	Priority Growth		1,800	0%	0
250,289	-2,664	247,625	Sub-Total		248,538	0%	+912
			Normal Activities				

11. **Social Care, Health & Housing (SCH&H)** are projecting a **pressure of £1,194k** as at Month 2 due to a variety of demographic issues including cost transfers from the PCT in relation to Learning Disability (£362k) and high demand for homecare services in both Older People (£351k) and Physical Disabilities (£281k). This pressure for homecare services will be reduced once the TeleCareLine service matures and the reablement service is in place.
12. **Planning, Environment, Education & Community Services (PEECS)** are forecasting a **pressure of £324k** as at Month 2 primarily in relation to pressures in the Corporate Landlord services (£657k) around savings delivery, pressure on maintenance budgets and buy back of service from schools. These pressures are partially offset by a favourable variance in Education Services (£213k).
13. **Central Services (CS)** is forecasting a **£6k favourable variance** as at month 2 largely arising from a staffing underspend as the restructure of services are implemented.

Progress on the delivery of 2011/12 Savings

14. Tracking the delivery of the £26.2m savings contained within the 2011/12 budget started in March as these savings will be the most significant potential issue in monitoring this year. As at the end of June 2011 (Month 3) analysis of progress on the implementation plans for the savings proposals included in the 2011/12 budget, continues to indicate that, although there are significant challenges in delivering such a large savings target, the Council is largely on track at this stage to deliver the majority of the savings. The following table summarises the RAG status for the MTFF projects.

RAG Status	Central Services	PEECS	SCH&H	Cross Cutting	Total Month 2	Total Month 1
Blue (banked)	1,877	3,509	5,329	954	11,669	7,389
Green (on-track)	731	4,001	3,125	300	8,157	13,350
Amber (some Slippage or risky Project at an Early stage)	26	2,958	2,577	0	5,561	4,648
Red (serious Delivery problems)	0	851	0	0	851	851
Total	2,634	11,319	11,031	1,254	26,238	26,238

15. The month 2 monitoring position for each group, as detailed above, takes account of the current shortfall in the delivery of these savings. The projected shortfall on those savings classed as red is currently estimated at £851k (3.2% of total savings). Alternative savings are being identified in the Groups concerned to cover this expected shortfall. A breakdown of these projects is shown in the following table:

Group	Proposal	£000s
PEECS	Corporate Landlord	164
	Youth Services review	687
Total		851

Development & Risk Contingency: £600k underspend

16. £11,786k of potential calls on the Development & Risk Contingency were identified as part of the budget setting process for 2011/12 held in the base budget. Table 3 shows the amounts that have been allocated or earmarked as at Month 2.

Table 3

Development and Risk Contingency	2011/12 Budget	Forecast as needed	Variance (+adv / - fav)	Group
<i>2011/12 allocations:</i>	£'000	£'000	£'000	
Commitments:				
General Contingency	1,000	1,000	0	All
Employers' Pension Contributions	850	850	0	All
Pump priming for BID savings	400	400	0	ALL
Uninsured claims	420	420	0	CS
Carbon Reduction Commitment Energy Efficiency Scheme	460	460	0	PEECS
Development Control Income	350	578	+228	PEECS
Cost Pressures on Recycling Service	150	150	0	PEECS
Local Development Framework legal & consultancy fees	100	75	-25	PEECS
HS2 Challenge contingency	100	100	0	PEECS
Assisted searches	75	0	-75	PEECS
Potential new responsibilities in relation to Flood defense	50	50	0	PEECS
Building Control Income	50	0	-50	PEECS
Social Care Pressures (Adults)	4,089	4,089	0	SCHH
Increase in Transitional Children due to Demographic Changes	1,254	1,254	0	SCHH
Asylum Funding Shortfall	880	1,180	+300	SCHH
Social Care Pressures (Children's)	500	500	0	SCHH
Contingency against delivery of grants savings	1,058	0	-1,058	ALL
Fuel	0	80	+80	PEECS
Total net contingency	11,786	11,186	-600	

17. At this stage, a large proportion of the total contingency is expected to be required in full. However a net underspend on a few items and the assumption that the £1,058k contingency against delivery of grants savings will not be drawn down have resulted in an overall underspend of £600k. Details of these variances are discussed below.

18. The forecast asylum spend is indicating a pressure of £300k above the budgeted contingency allocation. Although there are signs of falling demand, the nature of the grant mechanism results in less income as a result which doesn't fully cover the resultant fixed costs associated with this service. Management are taking action to mitigate this impact by relocating and merging the intake teams into a single team and will continue to review this pressure.

19. The forecast for Development Control income is a gross pressure of £578k and the net position after the application of the contingency is an adverse variance of £228k. Major Applications are showing a significant decrease in their forecast level of income, the worst in 5 years. For the smaller Development Control income streams, numbers of applications are fairly flat and are close to the 2010/11 level. This performance is mirroring the increased activity that occurred in the first quarter of 2010/11, which then fell back after the first quarter and may well do so again. Although not reported against this contingency, the pre-application

income from developers is also showing a pressure of £20k, reflecting continuing uncertainty in the housing market.

20. The fuel budget in PEECS was increased by £108k for 2011/12 as part of the MTFF process. However prices have continued to rise in 2011 and current analysis shows that fuel budget is already under pressure at the current price of around £1.10 per litre. A range of projections have been modelled, the worse case scenario showing a pressure of £153k and best case scenario of £42k; this is over and above the increased budget. A mid point pressure of £80k is therefore considered to be the most likely pressure at this point, given the current economic situation, and likelihood of further increases.

21. The assumption at this stage of the year is that the other contingency requirements are likely to be required in full.

Priority Growth: Nil variance

22. £1,000k was included in the 2011/12 budget for priority growth and £800k for HIP Initiatives. Table 4 summarises the position with regards to each element of priority growth.

Table 4

Priority Growth	2011/12 Budget	Agreed draw downs	Commitments	Unallocated
<i>2011/12 Unallocated Priority Growth at start of the year</i>	£'000	£'000	£'000	£'000
HIP Initiatives New budget:	800			
Agreed:				
Environmental projects		7		
Heritage projects		42		
HIP Initiatives unallocated balance	800	49	0	751
Unallocated non specific growth	1,000			
Balance of unallocated growth	1,000	0	0	1,000
Total	1,800	49	0	1,751

23. HIP Steering group have approved £49k of allocations so far this year. There is an estimated £751k remaining from the HIP initiatives budget and £1m of unallocated non-specific priority growth budget. The month 2 forecast assumes that remaining budgets will be spent in full.

Corporate Budgets' Forecasts: £2,000k underspend

24. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 2.

Table 5

2011/12 Original Budget	Budget Changes	2011/12 Current Budget (as at Month 2)	Corporate Budgets	2011/12 Forecast Outturn (as at Month 2)	Variations (+ adv/- fav)
					Variance (As at Month 2) £'000
£'000	£'000	£'000		£'000	£'000
-400	400	0	Unallocated savings	0	0
10,697	-524	10,172	Financing Costs	8,172	-2,000
			FRS 17 Pension		
-3,322	0	-3,322	Adjustment	-3,322	0
-35,169	2,875	-32,294	Asset Management A/c	-32,294	0
-25,556	-87	-25,643	Corporate Govt Grants	-25,643	0
-53,751	2,664	-51,087	Corporate Budgets	-53,087	-2,000

25. Financing costs show a forecast underspend of £2,000k at Month 2. This is due to £2,000k being set aside for capital financing for schools or other priority projects which is not likely to be needed in 2011/12.

26. Debt financing and investment income are at this early stage of the year forecast to be in line with the budget. A summary of treasury management activity is attached at Appendix B.

B) CAPITAL

General Fund Capital Programme

Programme Monitoring

27. Table 6 sets out the latest forecast outturn on current General Fund capital projects. Forecasts for future years include programmes of works as included in the draft programmes for 2012/13 to 2014/15 reported to Cabinet and Council in February 2011.

Table 6:

General Fund Capital Programme	2011/12	2012/13	2013/14	2014/15	Total
Original Budget	78,907	34,364	29,420	28,305	170,996
Revised Budget	94,017	34,364	29,420	28,305	186,106
Forecast Outturn	76,210	48,083	28,557	27,305	180,155
Council Resourced Variance – see table 7	(15,489)	13,719	(863)	(1,000)	(3,633)
External Grants Variance	(2,331)	-	-	-	(2,331)
Other Resources Variance	13	-	-	-	13
Programme Variance	(17,807)	13,719	(863)	(1,000)	(5,951)

28. The revised budget for 2011/12 above includes rephasing of £14,323k from 2010/11 budgets recommended in the outturn report and increases in externally funded programmes of £787k, primarily funded from TfL grants and S106 contributions.

29. Year to date capital expenditure is £1,658k (2.18%) of forecast outturn at 31 May 2011. While it is expected that the profile of expenditure will be weighted towards the second half of

2011/12, it is unlikely that current projections will be achieved on a number of major projects and subject to further review in the coming months.

30. Table 7 sets out variances against the approved Council Resourced programme, which are expanded upon below:

Table 7:

Council Resourced Variance	2011/12	2012/13	2013/14	2014/15	Total
Pressures:					
Primary School Expansions - Phase 1	-	817	137	-	954
Botwell Green Leisure Centre	1,187	-	-	-	1,187
Farm Barns	26	-	-	-	26
Highgrove Pool Phase II	300	200	-	-	500
Hillingdon Sports & Leisure Centre	274	-	-	-	274
Libraries Refurbishment	170	-	-	-	170
Total Council Resourced Pressures:	1,957	1,017	137	-	3,111
Underspends:					
Primary School Expansions - Phase 1A Temporary	(53)	-	-	-	(53)
Primary School Expansions - Rosedale Temporary	(431)	-	-	-	(431)
Arundel Road Development HIP	(2,013)	-	-	-	(2,013)
Laurel Lane (Longmead) Primary School Expansion	(247)	-	-	-	(247)
Total Council Resourced Underspends:	(2,744)	-	-	-	(2,744)
Projected Rephasing:	(13,702)	13,702	-	-	-
Main Programme Variance:	(14,489)	14,719	137	-	367
General Contingency:	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)
Council Resourced Variance:	(15,489)	13,719	(863)	(1,000)	(3,633)

31. Latest outturn forecasts indicate that £13,702k of expenditure planned for 2011/12 will be rephased into 2012/13; this includes Primary School Expansions (£2,359k), South Ruislip Development (£4,869k) and Yiewsley Health Centre (£4,304k). This rephasing of South Ruislip and Yiewsley Health Centre projects will delay capital receipts previously expected in 2012/13.

32. A net pressure of £470k is reported against Primary School Expansion projects as a result of design changes to facilitate works at existing schools. This will represent an additional call on Council resources in the longer term with a corresponding impact on revenue financing costs.

33. Negotiations regarding final contract settlement on the Botwell Green and Hillingdon Sports & Leisure Centres are anticipated to conclude during 2011/12. These are expected to result in a further call on borrowing to support pressures of £1,187k and £274k.

34. A revised scope of works at Highgrove Pool is expected to increase project cost by £500k to approximately £4,600k, it is expected that revenue costs arising from this additional borrowing will be supported from savings arising from the outsourcing of leisure operations. A recommendation for Cabinet to increase this budget will be added to the tender acceptance report in the coming months.

35. It is no longer feasible to continue with the Arundel Road project following an adverse assessment of the area's suitability by the Environment Agency. This will result in an underspend of £2,013k during 2011/12.

36. The grant funded underspend of £2,331k included in table 6 is reported on the Schools' Kitchens programme, officers are assessing the applicability of this grant to on-going Primary School Expansion projects and will recommend a course of action to fully utilise this grant.

Capital Financing

Table 8:

Capital Receipts	2011/12	2012/13	2013/14	2014/15	Total
Budget approved February 2011	21,319	21,646	10,851	388	54,204
Forecast Disposals	10,147	8,644	23,436	388	42,615
Variance	11,172	13,002	(12,585)	-	11,589

37. The 2011/12 GF asset disposal programme is currently expected to generate receipts of £10,147k, a reduction of £11,172k on original budget. The impact of this will be mitigated in the short term by rephasing of planned expenditure from 2011/12.

38. As noted above, the rephasing of expenditure on South Ruislip Development and Yiewsley Health Centre will result in capital receipts from enabling residential developments being deferred into 2013/14.

39. As at Month 2 only £182k of GF capital receipts have been achieved, as the majority of receipts are scheduled for late 2011/12 there remains a significant risk that the forecast £10,147k will not be achieved.

40. Table 9 summarises forecast prudential borrowing requirement and future revenue impact of the GF capital programme. Revenue impacts are calculated on MRP and estimated interest costs; these are tentative forecasts which will be subject to application of MRP policies, the Council's cash flow management and actual interest payable on outstanding debt.

Table 9:

Prudential Borrowing Forecast	2011/12	2012/13	2013/14	2014/15	Total
Revised Budget	36,117	(9,679)	(2,523)	6,825	30,740
Council Resourced Variance	(15,489)	13,719	(863)	(1,000)	(3,633)
Capital Receipts Variance	11,172	13,002	(12,585)	-	11,589
Forecast Borrowing	31,800	17,042	(15,971)	5,825	38,696
Variance	(4,317)	26,721	(13,448)	(1,000)	7,956
Future Revenue Impact	(302)	1,870	(941)	(70)	557

41. Although a number of pressures are currently reported within the capital programme, these are partially mitigated by favourable variances and unallocated contingency balances. The main cause of the adverse variances shown above is changes in the asset disposals programme since budgets were approved in February 2011.

Housing Revenue Account Capital Programme

42. HRA capital projects are currently forecasting outturn to match budget, with minor rephasing of Pipeline projects to reflect retentions payable in 2012/13.

Table 10:

Housing Revenue Account Capital Programme	2011/12	2012/13	2013/14	2014/15	Total
Original Budget	14,850	2,326	2,150	2,235	21,561
Revised Budget	15,122	2,326	2,150	2,235	21,833
Forecast Outturn	14,776	2,672	2,150	2,235	21,833
HRA Resourced Variance	(346)	346	-	-	-
External Grants Variance	-	-	-	-	-
Other Resources Variance	-	-	-	-	-
Programme Variance	(346)	346	-	-	-

43. Expenditure to 31 May was £1,579k (10.69%) of latest outturn and projects remain on track to deliver the full forecast outturn of £14,776k.
44. New build HRA Pipeline projects form the majority of the 2011/12 capital programme, with £10,753k funding from HRA resources to be applied. This is to be met from a combination of prudential borrowing, capital receipts and revenue balances, the precise split between these funding sources is to be confirmed.
45. HRA capital receipts for 2011/12 are expected to amount to £2,350k, of which £2,055k have been achieved by Month 2.

VAT Partial Exemption

46. The Council has a concession under VAT regulations that enables it to reclaim its VAT on expenditure on VAT exempt activities, providing this does not exceed 5% of the total VAT reclaimed in a financial year. In the event of a breach the Council would be unable to reclaim VAT in excess of £1.5m, which would be borne as a cost by council tax and rents payers.
47. The following table sets out the latest partial exemption position and the scope for additional capital expenditure on exempt projects before a breach would occur.

Table 11:

	2010/11	2011/12	2012/13	2013/14	2014/15
VAT Partial Exemption %	2.33%	2.66%	3.60%	2.17%	2.15%
Capital Expenditure Headroom (£'000)	5,008	5,076	2,473	4,428	4,425

48. The only current project with significant partial exemption implications for Hillingdon is the Yiewsley Health Centre Development, where lease income from NHS tenants will be VAT exempt. Expenditure on this project is expected to take place during 2011/13 and not cause a breach of the 5% limit.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

7. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

9. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

Social Care, Health & Housing

Revenue: **£1,194k Pressure**

1. This is the first revenue monitoring report for 2011/12 and has been compiled following analysis of the 2010/11 outturn, relevant activity trends and implementation of the MTF £11.4m savings programme.
2. In summary the department is reporting an adverse position of £1,194k on a £333m gross budget as set out in the table below.

Services		2011/12 (As at Month 2)		% Var of budget	Variances (+ adv/- fav)
		Current Budget	Forecast		Variance (As at Month 2)
		£'000	£'000		£'000
Children & Families Services	<i>Exp</i>	31,222	31,422	1%	+200
	<i>Inc</i>	-4,328	-4,328	0%	0
	Total	26,894	27,094	1%	+200
Asylum Services	<i>Exp</i>	11,930	11,930	0%	0
	<i>Inc</i>	-10,886	-10,886	0%	0
	Total	1,044	1,044	0%	0
Older People's Services	<i>Exp</i>	42,728	43,214	1%	+486
	<i>Inc</i>	-13,669	-13,804	1%	-135
	Total	29,059	29,410	1%	+351
Physical & Sensory Disability Services	<i>Exp</i>	10,452	11,010	5%	+558
	<i>Inc</i>	-2,281	-2,558	12%	-277
	Total	8,171	8,452	3%	+281
Learning Disability Services	<i>Exp</i>	33,320	33,697	1%	+377
	<i>Inc</i>	-6,972	-6,987	0%	-15
	Total	26,348	26,710	1%	+362
Mental Health Services	<i>Exp</i>	7,396	7,396	0%	0
	<i>Inc</i>	-342	-342	0%	0
	Total	7,054	7,054	0%	0
Housing Benefits	<i>Exp</i>	162,022	162,022	0%	0
	<i>Inc</i>	-158,115	-158,115	0%	0
	Total	3,907	3,907	0%	0
Housing Needs Services	<i>Exp</i>	12,739	12,739	0%	0
	<i>Inc</i>	-10,021	-10,021	0%	0
	Total	2,718	2,718	0%	0
SCH&H Other Services	<i>Exp</i>	21,169	21,169	0%	0
	<i>Inc</i>	-7,158	-7,158	0%	0
	Total	14,011	14,011	0%	0
Total Expenditure		332,978	334,599	8%	+1,621
Total Income		-213,772	-214,199	13%	-427
SCH&H Total		119,206	120,400	1%	+1,194

MTFF Savings

3. The Group is delivering a savings programme totalling £11.4m and to date has banked £5.3m (46%). A forecast shortfall of £300k has been identified in Adult Social Care (excluding Mental Health) and is included in the forecasts set out below; the management team are exploring options to resolve this potential shortfall. The remainder of the programme is on target to deliver the balance albeit recognising that these represent major changes in service delivery for the group.

Children Services: £200k adverse

4. This service is experiencing pressure on two fronts, firstly due to pressure on the children with disabilities budget; and secondly from increase costs associated with court cases. Management is reviewing the causes of this pressure and the solutions necessary to manage this adverse position.

Asylum: £300k adverse

5. Although there are signs of falling demand the nature of the grant mechanism results in less income as a result, which doesn't fully cover the resultant fixed costs associated with this service. Management have taken actions to mitigate this impact by relocating and merging the intake teams as a single team and will continue to review this pressure.

Older People's Services: £351k adverse

6. Although this service has seen a significant reduction in residential and nursing placements since the beginning of this calendar year, there are pressures in the service. These are being experienced primarily in demand for Homecare services which are currently running ahead of budget. It is expected that as the TeleCareLine service matures and the full benefit of the new reablement service is in place then this demand will reduce.

Physical Disabilities: £281k adverse

7. This service has seen a slowing down and slight fall in residential and nursing placements since the beginning of this calendar year but pressures remain within the service. These are being experienced primarily in demand for Homecare services which are currently running ahead of budget. Similarly with Older People's Services this will also benefit from TeleCareLine and reablement.

Learning Disability: £362k adverse

8. The adverse position is as a result of 4 clients no longer receiving PCT funding and 3 clients who are now designated as being s117; a full year cost 'transfer' of £700k. This service is managed via a pooled budget between PCT and Hillingdon.

Mental Health: Nil variance

9. Throughout last year monitoring reports referred to a potential transfer of financial responsibility for a number of clients currently funded by Health. Whilst Senior Officers from both organisations have been fully engaged in resolving this issue and good progress has been made to date, the complexity of the cases has mitigated against achieving early agreement

Housing HRA

10. The HRA has a gross budget of £59.3m and as at month 2 is forecasting a break even position.

Division of Service	2011/12 Current Budget (as at Month 2) £000	2011/12 Forecast (as at Month 2) £000	% Var of budget	Variance (as at Month 2) £000
General and Special Services	+17,282	+17,282	0%	0
Repairs Services	+20,915	+20,915	0%	0
Subsidy Payment to Government	+15,492	+15,492	0%	0
Capital Funded from Revenue (RCCO)	+2,384	+2,384	0%	0
Other Expenditure	+3,198	+3,198	0%	0
Income	-56,796	-56,796	0%	0
In Year (Surplus) / Deficit	+2,475	+2,475	0%	0

Planning, Environment, Education & Community Services

Revenue: **£324k pressure**

1. The Group has an outturn position of £324k variance which excludes all pressures that have identified contingent provisions.

Services		2011/12 (As at Month 2)		% Var of budget	Variances (+ adv/ - fav)
		Current Budget £'000	Forecast £'000		Variance (As at Month 2) £'000
Corporate Landlord	<i>Exp</i>	4,880	5,001	2%	+121
	<i>Inc</i>	-4,635	-4,099	-12%	+536
	Total	245	902	268%	+657
Public Safety	<i>Exp</i>	43,822	43,652	0%	-170
	<i>Inc</i>	-15,784	-15,684	-1%	+100
	Total	28,038	27,968	0%	-70
Planning, Trading Standards, Consumer Protection, Sport & Green Spaces	<i>Exp</i>	12,158	12,158	0%	0
	<i>Inc</i>	-3,934	-3,934	0%	0
	Total	8,224	8,224	0%	0
Highways, Transportation & Planning Policy	<i>Exp</i>	16,324	16,274	0%	-50
	<i>Inc</i>	-6,129	-6,129	0%	0
	Total	10,195	10,145	0%	-50
Business Services & ICT	<i>Exp</i>	18,994	18,994	0%	0
	<i>Inc</i>	-12,340	-12,340	0%	0
	Total	6,654	6,654	0%	0
Education	<i>Exp</i>	288,832	288,565	0%	-267
	<i>Inc</i>	-251,423	-251,369	0%	+54
	Total	37,409	37,196	-1%	-213
Total Expenditure		385,010	384,644	0%	-366
Total Income		-294,245	-293,555	0%	+690
PEECS Total		90,765	91,089	0%	+324

Corporate Landlord: **£657k pressure**

1. The key pressures for Corporate Facilities and Property are outlined below and total £493k.
2. There is a forecast pressure of £230k across maintenance and Borough Wide Maintenance budgets. The larger proportion of this is due to a pressure against the income target to sell services to the schools, where schools have opted out and have purchased FM services directly. There are also pressures on maintenance budgets for day to day repairs.
3. The Middlesex Suite is forecasting a pressure of £65k due to a general slow down in demand set against a challenging income target. The marketing of this service has been reviewed and updated, however the impact of this is yet to be reflected in the performance.
4. The forecast pressure for Harlington Road depot is £163k which chiefly relates to a reduction in the intensity of usage. This is due to the movement of some Council services to the Civic Centre, together with the loss of Hillingdon Homes contributions for space occupation at the depot and use of the Stores facility. A number of space rationalisation measures have been implemented,

such as Block A being decommissioned last November, resulting in some minor savings on rates and utilities.

5. Property Disposal and empty buildings are forecasting a pressure of £35k which relates to the cost of maintaining vacant assets within the Estate.
6. In addition, there is a £164k pressure which relates to the underachievement on the 2011-12 MTFF savings target relating to the corporate landlord staffing review. This restructure is still in progress and once complete may give potential to improve this position.

Public Safety & Environment: £70k favourable

Waste Services: £70k favourable

7. Waste Disposal is forecasting an £70k underspend as the tonnages for the first two months of the year are below the levels anticipated in the variable element of the levy.
8. Overall, the rest of the waste services are reporting a nil variance with pressures in kerbside recycling assuming to be met from the contingency sum of £150k. The Trade Waste has increased its fees and has a associated MTFF savings target, the impact of which in the current economic climate will need to be judged going forward.

Planning Trading Standards Consumer Protection, Sport & Green Spaces: Nil Variance

Sport & Greenspaces: Nil Variance

9. Although Leisure services are currently forecasting a nil variance there are a number of risks associated with the economic downturn and the consequential financial stress that the contracted leisure providers are experiencing. This has resulted in 2 providers requesting rent reductions over the last year and although these have been turned down, there is a risk of non-payment. One provider is now behind on payments, and this contract is contributing £280k per annum to the Council.

Highways Transportation and Planning Policy: £50k favourable

10. The service is reporting a £50k favourable position, due to the anticipated net savings resulting from a restructure in the Road Safety service. However there are some risk areas for the service group, in particular the uncertainty around the energy tariffs and their potential increase which may be greater than budgeted inflation.

Education: £213k favourable

Director & Youth Services: £687k pressure

11. The Youth service has a pressure of £687k against the MTFF savings target. A reduced contract price has been agreed that has produced a saving for the current year, and continue to deliver the Youth service.

Learning & School Effectiveness Services: £411k favourable

12. Part of this area was previously ringfenced Surestart Grant. This has now been made unringfenced and comes under the Early Intervention Grant (EIG). It should be noted that flexibility still exists within the various cost centres under EIG for budgets to be vired between cost centres. This is beneficial as two of the cost centres within EIG are demand driven and budgets may need to be adjusted to accurately reflect take up.

13. The other part of this area continues to be DSG funded and includes Hillingdon's three Early Year Centres and 3&4 Year Old Nursery grants. The Hillingdon's Early Years Centres are either confirmed Children's Centres or building up to Children's Centre status. The additional funding for this is met from EIG.
14. Children's Centres budgets have been reviewed and are being reduced by 8.4% giving a BID saving of £411k.
15. The Music service is currently anticipating full achievement of the 2011/12 MTF savings and therefore reporting a nil variance.

ECS Central Budget: [£390k favourable](#)

16. This area consists of the Education Central Support Cost Budget, and corporate charges such as debt interest which will be charged at the year-end in line with the budget. The reported underspend is a result of the following.
17. There is an underspend on the Barnhill PFI projects revenue budget, the original general fund allocation was to cover a range of associated costs amongst which included the FM contract and legal costs, the current assessment is that there will be a saving of approximately £250k for the current year, with residual costs still to be confirmed.
18. The Carbon Reduction Commitment (CRC) allowance costs for the schools emissions are to be charged to DSG, which was a result of advice received from the Department of Education. This will now provide an underspend in the Council's general fund where it had been initially budgeted.
19. The Premature Redundancy Costs (PRC) liabilities are currently estimated as being £113k above budget. Going forward a robust process is now in place to ensure redundancy cost claims from schools are actively reviewed and challenged where appropriate to minimise any future costs to the Council's General Fund.

Access & Inclusion: [£99k favourable](#)

20. The teams is forecasting an underspend of £99k as at Month 2. This is mainly due to additional income forecasted from the academies although the hospital recoupment budget is historically very volatile and will continue to be closely monitored throughout the year. The Education Psychology team is also currently carrying vacancies that are contributing to this underspend.

Central Services

Revenue: **£6k favourable**

Services		2011/12 (As at Month 2)		% Var of budget	Variations (+ adv/- fav)
		Current Budget	Forecast		Variance (As at Month 2)
		£'000	£'000		£'000
Chief Executive/Deputy Chief Executive	<i>Exp</i>	512	506	-1%	-6
	<i>Inc</i>	0	0	0%	0
	Total	512	506	-1%	-6
Audit & Enforcement	<i>Exp</i>	1,170	1,138	-3%	-32
	<i>Inc</i>	0	-4	0%	-4
	Total	1,170	1,134	-3%	-36
Corporate Communications	<i>Exp</i>	899	851	-5%	-48
	<i>Inc</i>	-55	-55	0%	0
	Total	844	796	-6%	-48
Democratic Services	<i>Exp</i>	2,950	2,983	1%	+33
	<i>Inc</i>	-453	-453	0%	0
	Total	2,497	2,530	1%	+33
Finance & Procurement Services	<i>Exp</i>	8,752	8,756	0%	+4
	<i>Inc</i>	0	-3	0%	-3
	Total	8,752	8,753	0%	+1
Human Resources	<i>Exp</i>	4,489	4,545	1%	+56
	<i>Inc</i>	-891	-903	1%	-12
	Total	3,598	3,642	1%	+44
Legal Services	<i>Exp</i>	1,885	1,908	1%	+23
	<i>Inc</i>	-567	-544	-4%	+23
	Total	1,318	1,364	3%	+46
Policy & Performance	<i>Exp</i>	2,236	2,203	-1%	-33
	<i>Inc</i>	0	-8	0%	-8
	Total	2,236	2,195	-2%	-41
Total Expenditure		22,893	22,890	0%	-1
Total Income		-1,966	-1,970	0%	-5
CS Total		20,927	20,920	0%	-6

Audit and Enforcement: £36k favourable

1. This underspend relates primarily to vacant posts within the teams, the recruitment to which is intended for later in the year and will bring the team to full establishment to ensure that controls are maintained during this period of restructuring.

Finance and Procurement: Nil variance

2. The Accountancy restructure is currently out to consultation, with an end date of 19th July 2011 and is on track to meet its savings targets. The restructure in the Revenues service is nearing completion and staff have been appointed to posts where possible, recruitment is due to start for any vacant posts. Procurement is also due to start consultation to create a service which is reflective of the revised structure of the Council.

Corporate Communications: £48k favourable

3. This underspend has come as a result of staff vacancies and vacant posts being held open following the restructure and a projected underspend on the printing and distribution costs of Hillingdon People.

Democratic Services: £33k pressure

4. This overspend is due to staffing costs and a full establishment resulting in an inability to cover the MVF through salary budgets within the service itself. The position will continue to be reviewed and officers will seek to identify ways to cover the MVF if no vacancies materialise during the course of the year.

Policy, Performance and Partnerships: £41k favourable

5. There have been 5 vacant posts within the teams which have been held open this year while the restructures of teams within this service are implemented.

Human Resources: £44k pressure

6. This overspend is due to staffing costs and a full establishment resulting in an inability to cover the MVF through salary budgets within the service itself. As the year goes on, it is likely that this can be met through standard turnover of staff and close management of non-salary expenditure budgets.

Legal Services: £46k pressure

7. Salary overspends due to MVF and cover required for maternity leave. Reviews of business processes are continuing within Legal, focusing on court cost recovery and business processes within the support team with the aim of delivering savings going forward.

APPENDIX B - Treasury Management Report

1. This appendix is an update on treasury management activity for the month of May 2011.
2. As at 31 May 2011 the Council's portfolio of deposits and debt were as follows (deposit balances can move substantially from day to day in line with cash flow requirements).

Outstanding Deposits - Average Rate of Return on Deposits: 0.86%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	54.9	55.29	55.00
1-2 Months	0.0	0.00	0.00
2-3 Months	0.0	0.00	0.00
3-6 Months	12.4	12.49	15.00
6-9 Months	18.3	18.43	15.00
9-12 Months	0.0	0.0	10.00
12-18 Months	2.0	2.01	5.00
Subtotal	38.8	72.39	100
Unpaid Maturities	11.7	11.78	0.00
Total	99.3	100	100

3. With the exception of the unpaid Icelandic investments, deposits are held with UK institutions, which hold at a minimum, a Fitch AA- long-term credit rating. Currently deposits are held with: Deutsche MMF, Fidelity MMF, Goldman Sachs MMF, HSBC MMF, Ignis MMF, Invesco Aim MMF, PSDF MMF, Royal Bank of Scotland, Barclays Bank, Clydesdale Bank, Lloyds TSB Banking Group and Nationwide BS.
4. During May fixed-term deposits continued to mature in line with cash flow requirements. £13.9m was placed in medium to long term deposits to enhance investment income. Other surplus funds were spread between instant access accounts and short-term fixed deposits in order to meet near term cash flow requirements and remain within our counterparty limits.

Outstanding Debt - Average Interest Rate on Debt: 3.60%

	Actual £m	Actual %
PWLB	120.6	71.5
Long-Term Market	48.0	28.5
Temporary	0.0	0.0
Total	168.6	100

5. There were no natural loan maturities, early debt repayments or rescheduling activities during May.

Prudential Indicators

6. There were no breaches of the prudential indicators during May.

Ongoing Strategy

7. The current strategy is to place medium to long term deposits, where cashflow allows. These deposits will enhance investment income for 11/12. Short-term balances will be placed in instant

access accounts, as these are paying a higher rate of interest than those offered on fixed term deposits of up to 2 months. However, if necessary short-term fixed deposits will be placed to ensure counterparty limits are not breached.

8. During May outstanding PWLB loans carried premiums and therefore made rescheduling of debit unfeasible. Early redemption opportunities will continue to be monitored, however it is unlikely the market will move to an extent which will make it viable.

APPENDIX C

Retaining of agency staff for Planning, Environment, Education & Consumer Protection

Post 1 Paviour - Highways Responsive Maintenance Team.

To undertake a range of specialist repair duties on the public highway within the Responsive Maintenance Team. The post is fully budgeted for within the Highways Reactive Maintenance staffing budget. A further agency extension is sort as an interim measure whilst the service is being reviewed.

Post 2 Road Worker - Highways Responsive Maintenance Team.

To undertake a range of repair duties on the public highway within the Responsive maintenance Team. The post is fully budgeted for within the Highways Reactive Maintenance staffing budget. A further agency extension is sort as an interim measure whilst the service is being reviewed.

Post 3 – Corporate Landlord

To coordinate the project team and stakeholders on the primary capital schools programme relating to phase 1a temporary buildings to be delivered for September 2011 and Phase 2 permanent expansions and temporary facilities for delivery by September 2013. The cost is to be capitalised to the primary schools capital programme.

PEECS Agency staff	End date	2010/2011 Cost	Projected Cost 2011/2012 & 2012/13	Total Cost
		£'000	£'000	£'000
Paviour – Highways Responsive Maintenance Team	31-Mar-12	28	31	59
Road Worker – Highways Responsive Maintenance Team	31-Mar-12	24	28	52
Corporate Landlord – Delivery Officer – Schools Programme	3-Aug-12	7	110	117
Totals		59	169	228

Retaining of agency staff for Social Care, Health, and Housing Services

Posts 1-3. Although active recruitment is underway it is necessary to continue the temporary arrangements currently in place until permanent recruitment is complete. There is a risk to service provision and safeguarding without continuing agency cover for these roles.

Post 4. Active recruitment is underway and the current postholder is undertaking a strategic and operational role which includes the reshaping of disability services to shift the balance from residential care to supported living. The role is essential to take forward key pieces of work including the MTFF action plans to ensure delivery. Although permanent recruitment is underway these MTFF key deliverables are critical and an extension is requested to cover recruitment which is dependent on the successful candidate's notice period.

Post 5-6. Previous attempts to fill these posts have failed. This part of Hillingdon Housing Service is currently awaiting the outcome of the BID Common Operating Model process which may result in the restructure of technical services. Both posts are HRA funded.

Ref.	SCH&H Agency staff	End date	2010/2011 Cost	Projected Cost 2011/2012	Total Cost
			£'000	£'000	£'000
1	Team Manager, Children Services (Children with Disabilities)	31-Oct-11	25	47	72
2	Social Worker, Children Services (Looked After Children)	31-Aug-11	47	15	62
3	Social Worker, Children Services (Looked After Children)	31-Aug-11	38	27	65
4	Service Manager, Adult Services (Specialist services)	31-Mar-12	0	135	135
5	Electrical Services Officer, Hillingdon Housing Service (Technical Services)	11-Nov-11	22	29	51
6	Electrical Services Officer, Hillingdon Housing Service (Technical Services)	09-Dec-11	25	33	58
	Totals		157	286	443

APPENDIX D

Filming Fees

Legislative Empowerment

Hillingdon Council provides various licenses for filming in the borough when the production involves:

- Filming on the public highway (including town centre, major and minor thoroughfares)
- Temporary traffic holds.
- Road closures by notice or order.
- Filming or photographing of the exterior or interior of a Council property.

Under the Highways Act 1980, the Council may charge a fee for placing equipment on the public highway.

A supervisor for the New Roads and Street Works Act 1991 ("NRSWA") can sanction temporary traffic holds in accordance with Chapter 8 of the Traffic Signs Manual 2009.

Road Closures by both Notice and Order are provided for under Section 16 of the Road Traffic Regulations 1984 and must be implemented in accordance with Chapter 8 the Traffic Signs Manual 2009.

Procedure

Typically, in the first instance, a production company contacts the Business Support Unit of Planning, Environment, Education and Community Services. The film officer then ascertains the location of the filming, whether it is proposed for the highway, Council property or private premises within the borough. The requisite internal departments are then consulted, and if filming is to be approved, the film production company is required to inform all affected residents / businesses. All relevant Ward Councillors and other stakeholders are also advised. Site visits are undertaken, if appropriate, in conjunction with representatives from relevant Council departments. Following the site visits, an agreement will be made between parties, the film licence is produced and signed, and relevant blue light services advised (as appropriate).

New Fee Structure

The fees that are currently charged are based upon historic evaluation. It is now proposed that Hillingdon adopts a fee structure comparable with neighbouring boroughs, namely Ealing and Harrow. This new structure is intended to be robust and transparent, and maximise revenue for the Council whilst maintaining acceptability to the film companies.

All or part of applicable fees may be waived for students who are residents of the borough.

London Borough of Hillingdon Filming Fees

Location Fees

Interior Location Fees – (fees per day)	Exterior Location Fees (fees per day)
<u>Council owned principal location for production</u> Large productions: £3,000, Medium: £2,000, Small: up to £1,000 <u>Council owned secondary location</u> Large productions: £2,000, Medium: £1,000, Small: up to £500 All subject to specific requirements *small means up to 3 crew, camera only.	<u>Council owned principal location for production</u> Large productions: £3,000, Medium: £2,000, Small: up to £1,000, <u>Council owned secondary location</u> Large productions: £2,000, Medium: £1,000, Small: up to £500 All subject to specific requirements *small means up to 3 crew, camera only.

Administration Fees

Administration Fee	Late Application Charges	Cancellation Fees	Services for which administration fee is levied
£100 per hour	No charge	All costs incurred to the point of cancellation	<ul style="list-style-type: none"> • Site visits • Drawing up of contracts • Liaising with other Council departments • Supervising street works on the highway • Monitoring location filming

Road Closure, Traffic and Highway Management

	Temporary Traffic Holds / Use of Highway	Road Closure by Notice	Road Closure by Order
Method of Control	Traffic Management	Complete road closure	Complete road closure
Period of Hold Closure	Up to 3 minutes	Up to 24 hours	Up to 7 days
Application Process	Approval for use of traffic management on the highway	Notice under Section 16 of the RTA	Order under Section 16 of the RTA
Lead in Time	5 working days	2 weeks	8 weeks
Cost	On application – minimum £170	£200	£1000
Operator Qualifications	NRSWA supervisor qualified operators and traffic management in accordance with Chapter 8	If traffic management is used then in accordance with Chapter 8	If traffic management is used then in accordance with Chapter 8