Public Document Pack

HILLINGDON
LONDON

B

Cabinet

Date: **THURSDAY, 15 APRIL 2010**

Time: **7.00 PM**

Venue: **COMMITTEE ROOM 6 - CIVIC CENTRE, HIGH STREET, UXBRIDGE, UB8 1UW**

Meeting Details: Members of the Public and Press are welcome to attend this meeting

This agenda and associated reports can be made available in other languages, in braille, large print or on audio tape on request. Please contact us for further information.

This Agenda is available online at: www.hillingdon.gov.uk

Councillors in the Cabinet:

Ray Puddifoot (Chairman)
Leader of the Council

David Simmonds (Vice-Chairman)
Deputy Leader / Education & Children's Services

Jonathan Bianco
Finance & Business Services

Keith Burrows
Planning & Transportation

Philip Corthorne
Social Services, Health & Housing

Henry Higgins
Culture, Sport & Leisure

Sandra Jenkins
Environment

Douglas Mills
Improvement, Partnerships & Community Safety

Scott Seaman-Digby
Co-ordination & Central Services

Published: Thursday 8th April 2010

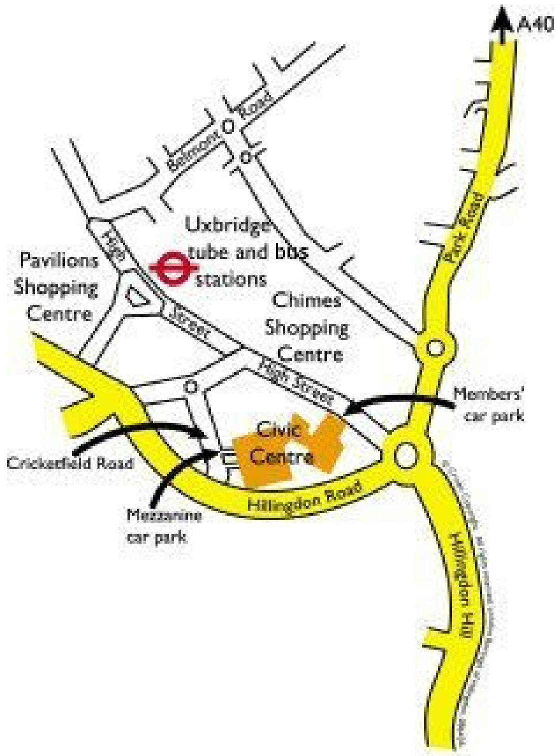
Contact: Mark Braddock, Senior Democratic Services Manager

Tel: 01895 250470
Fax: 01895 277373
Email: mbraddock@hillingdon.gov.uk

Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
3E/05, Civic Centre, High Street, Uxbridge, UB8 1UW
www.hillingdon.gov.uk

INVESTOR IN PEOPLE

Useful information



Bus routes 427, U1, U3, U4 and U7 all stop at the Civic Centre. Uxbridge underground station, with the Piccadilly and Metropolitan lines, is a short walk away. Limited parking is available at the Civic Centre. For details on availability and how to book a parking space, please contact Democratic Services

Please enter from the Council's main reception where you will be directed to the Committee Room. An Induction Loop System is available for use in the various meeting rooms. Please contact us for further information.

Please switch off any mobile telephones and BlackBerries™ before the meeting. Any recording of the meeting is not allowed, either using electronic, mobile or visual devices.

If there is a FIRE in the building the alarm will sound continuously. If there is a BOMB ALERT the alarm sounds intermittently. Please make your way to the nearest FIRE EXIT.

Agenda

This supplementary agenda and reports have been circulated less than 5 working days before the Cabinet meeting and the items of business will only be considered if the Chairman agrees them to be urgent.

On Item 8 - the reason for urgency is to allow the Council to proceed with key elements of the Business Improvement Delivery Programme as soon as possible.

On Item 9 – the reason for urgency is so that the Cabinet can consider the latest financial position of the Council as it nears the year-end.

Cabinet Reports - Part 1 (Public)

This page is intentionally left blank

LOCALITIES, ENFORCEMENT, TRANSPORT IMPLEMENTATION - UPDATE

Cabinet Members	Councillor Raymond Puddifoot Councillor Douglas Mills
Cabinet Portfolios	Leader of the Council, Improvement Partnerships & Community Safety.
Officer Contact	Hugh Dunnachie
Papers with report	None

HEADLINE INFORMATION

Purpose of report	To update Cabinet on progress of the Business Improvement Delivery (BID) work in relation to localities working, enforcement functions and transport services. BID is the council's transformation programme which sits within the remit of the Hillingdon Improvement Programme (HIP). To obtain political sign-off on certain key decisions so that the project can move forward to detailed implementation.
Contribution to our plans and strategies	To introduce more efficient methods of management in relation to localities working, enforcement functions, transport and passenger services, for the benefit of services to our customers and to achieve financial savings. To contribute to Council Plan and corporate objectives.
Financial Cost	In the short term the proposed structural and operational changes will be funded within existing resources. The implementation of this model will enhance strategic management of the Council's localities working, enforcement functions and transport and passenger services, leading to lower costs, significant efficiencies and a more corporate and resident focussed approach to services – putting the customer at the heart of service delivery.
Relevant Policy Overview Committee	Corporate Services and Partnerships
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet agree:

1. **That the Core functions outlined in paragraph 6.4 be included in the scope of the detailed implementation of proposed structures to deliver Localities & Enforcement services as one block of services in a Communities related Directorate.**
2. **That the legal elements of enforcement services included in paragraph 6.4 are stripped out during the detailed design stage and transferred to the DCEO's**
3. **That an Integrated Transport Unit be set up in the centre of the Council including the core functions set out in paragraph 6.5.**
4. **That all the proposed new structures be effective from June 2010.**
5. **That Officers be authorised to start recruitment/redeployment to a Corporate Director post to head up a new Communities based Directorate.**
6. **To instruct the Chief Executive to ensure that, during the pre-implementation phase, his views will take priority in any dispute with service departments.**
7. **To instruct Officers to start formal consultation on the proposals outlined in this report.**

3 Reasons for recommendation

Hillingdon has an excellent record in driving efficiencies through business improvement. BID is the council's transformation programme which sits within the remit of the Hillingdon Improvement Programme (HIP). The BID programme builds on the success of HIP and is designed to ensure that the Council becomes even more streamlined, flexible and less bureaucratic. BID will free up front line staff to focus on delivering excellent services to residents. It will also identify ways in which to achieve the necessary efficiency savings over the next four years.

In January 2010, the Cabinet agreed to integrate and develop the Localities, Enforcement and Transport projects fully as part of the Business Improvement Delivery (BID) programme. Cabinet also agreed the timescales for the project with the initial business analysis of areas impacted upon and development of options work to be completed by 31st March 2010.

Through the BID process the proposals in relation to the scope of the new Localities, Enforcement and Transport functions have been tested against the Council's Operating Model, alongside the Corporate Landlord areas, to ensure that the wider reorganisation will provide the most effective and efficient delivery model for these key Council functions.

4 Alternative options considered / risk management

There is an urgent need to make significant efficiency savings through the BID programme over the next 3 years. Continuing to drive efficiencies within the confines of the current Council operating model and configuration of services is close to exhausting potential efficiency savings. The Council therefore needs to look at more radical options which involve applying a new operating model and breaking down silo based services to both produce efficiencies and to make services more resident focussed. Maintaining the status quo is not an option as the Council will still have to find the savings and without more planned and radical restructuring/ business process re-engineering there would be a risk to service delivery.

5 Comments of Policy Overview Committee(s)

Not applicable at this stage.

6 Supporting Information

6.1 Aims and objectives of the Localities, Enforcement and Transport project

The aim of the Localities, Enforcement and Transport project is to provide a single focus for the whole Council around universal customer related services, putting residents at the heart of everything the Council does. The project is looking at how best to organise and structure these functions to achieve efficiencies and to improve performance. The project will also apply the Councils new Operating model to this range of services and this is also expected to deliver significant efficiency savings.

6.2 Starting point and key drivers

The key drivers for the project are:

- The December 2009 and March 2010 Corporate Landlord Cabinet reports.
- The January 2010 Localities, Enforcement and Transport Cabinet report.
- Closer working arrangements in place with Corporate Landlord
- The BID project covering Localities, Transport and Enforcement and Corporate Landlord including the findings of the business analysis work undertaken.
- The Council's new operating model.
- BID Objectives

6.3 Progress against targets:

The January Cabinet report set out that the development of this BID work stream would run in parallel to development of the Corporate Landlord to ensure a consistency of approach and to ensure that any inter-relationships were explored as the options were developed. The target set out in the Cabinet report was to complete initial business analysis of the areas impacted upon and to develop options by 31st March 2010.

All service workshops undertaken by the Business Analysts were completed by 16th March. As part of those workshops and related analysis the following data has been collected:

- Documentation of all core and supporting processes
- An analysis of how staff time is spent
- An analysis of the complexity of activities undertaken
- All systems/forms/documents identified.

This data collected has been used to compile the final 'as is' report. Some initial key opportunities have been identified by the Business Analysis through the process mapping workshops and the application of the operating model. The initial findings suggest that there is considerable scope for re-engineering processes, for organising services on a more efficient basis and through the application of the operating model. Work will now concentrate on the development of the proposed implementation plan.

6.4 Localities and Enforcement Core Functions

Table 1 on the following page outlines the core functions that need to be included within the remit of the Localities & Enforcement functions in order to get the full benefits (financial and non-financial) outlined in the previous Cabinet report in January 2010.

The business analysis work undertaken has found that services included in the Enforcement section of the table include a mixture of customer facing community/locality based service activity and formal enforcement activity. A significant element of many ‘enforcement’ services are essentially localities based services designed to prevent the need for formal enforcement activity. The final stage in the process is the actual enforcement activity itself. The standards and processes by which the final stage of enforcement is undertaken varies considerably between services. It is therefore proposed that further work is undertaken on these services to strip out this final legal stage of enforcement from the service concerned and transfer this activity to the centre of the Council. By having all this real enforcement activity in one place at the centre of the Council will enable the service of enforcement to be more joined up and consistent. The service side of these enforcement type functions could then remain in a localities based cluster of services where significant synergies with other locality based services can be exploited.

As a consequence of the business analysis work concluding that there is a greater element of non formal enforcement work in enforcement type services, it is proposed that at this stage all the services outlined in the table be kept together as part of one review/implementation. As part of this implementation the real formal enforcement activity can then be stripped out and transferred to the centre. The alternative approach of lifting and shifting large ‘enforcement’ type services to the centre and then reviewing and passing back non enforcement work over time to a Localities cluster of services could jeopardise the delivery significant potential synergies/efficiencies.

In addition to the Services included in the table there are services already within the scope of the Landlord report to consider as potentially part of Localities. Services such as Green Spaces which are being ‘lifted and shifted’ to the Landlord structure contain a mixture of ‘asset management and maintenance’ activity and ‘service’ activity. The ‘Service’ element of the activity could be considered for potential inclusion in a Localities based cluster of services.

Table 1: Localities and Enforcement Core Services

Localities Functions
1. Street Scene Locality Teams (including Streets Ahead and Street Champions)
2. Community Leadership/ Engagement (including Chrysalis and Ward Budgets)
3. Town Centre Management
4. Community Safety Team
5. Safety Services – CCTV
6. Building Control
7. Airport Services (including Health and Control, Imported Food, Environmental Health)
8. Traffic Management including Road Safety and Education, Street Works Management and Traffic Management (including School Crossing Patrol)
9. Waste Services (including Refuse, Recycling, Street Cleaning)
Enforcement Functions
10. Planning Enforcement
11. Street Scene Enforcement
12. Consumer Protection including :-
• Environmental Protection
• Food Health and Safety
• Licensing
• Trading Standards
• Noise
• Animal Control
13. Parking Services (including Abandoned Cars, Car Parks, Parking Admin/Permits, PCN Processing /Appeals, Parking Operations and Enforcement)
14. Private Sector Housing Enforcement

6.5 Transport Core Functions

All the Transport related functions in the Council have been reviewed by business analysts. Table 2 below outlines the core functions that need to be included in the core functions of an Integrated Transport Unit.

Table 2: Transport Core Functions

Transport Core Functions
1. Fleet Management
2. Passenger Services
3. Service based Transport management

Within the Transport project, based upon the initial "as-is" analysis, the creation of an Integrated Transport Unit (ITU) remains the preferred proposal to provide a single consolidated interface between customer and service provider. The ITU is consistent with the operating model concept and covers the areas of customer management, service delivery, specialists, administration, support services and strategic core.

The business analysis undertaken suggests that the benefits of the ITU would be as follows:

- More focussed and co-ordinated team
- Seamless approach to managing client needs – child through to adult
- Greater flexibility to respond to policy and regulation change
- More efficient utilisation of Council resource at lower operating cost
- Greater financial transparency and improved reporting
- Co-ordinated approach to Procurement activity – services, vehicles & infrastructure
- Clearer understanding of trade-off between in-house and outsourced service delivery
- Potential to be a foundation for creation of a sub regional/regional approach to Fleet Management & Passenger Transport

The ITU is organisational neutral so could be run from any Group. Once the unit has been established work will start on the next stage of the review which will explore the following initiatives that could produce significant efficiency savings.

- Harmonised transport eligibility policy for all service users based upon statutory obligations
- Centralise all transport budget ownership and simplify transactional process. This will increase efficiency and streamline the internal business process
- Review and market test transport service provision based upon analysis of needs and actual volumes required
- Increased rigour around vehicle utilisation and routing
- Strategic plans agreed for fleet replacement and vehicle infrastructure (eg. Fuel and maintenance)

Other Transport related functions such as Parking Services and Traffic Management have greater synergies with the Localities and Enforcement clusters of services rather than the Integrated Transport Unit.

6.6 Other Services / Structural implications

As part of the review work undertaken it was felt that the Health & Safety/Emergency Planning function did not best sit with any of the other functions being reviewed but instead should move under the control of the DCEO Directorate reflecting the corporate scope and significance of this pan-Council function.

One of the broader implications of reviews into the Corporate Landlord and Localities, Enforcement and Transport functions is that there is the potential to move to one broad Communities based Group going forward rather than having two communities based service Groups (ECP and P&CS). There are significant potential savings in senior management in particular but also a duplication of support services as well as significant synergies by grouping the services more closely together rather than in their existing silos.

6.7 Application of the Council's Operating Model

The detailed structure of the new Localities, Enforcement and Transport function will continue to be developed in more detail during the implementation phase using the principles of BID including the application of the new Operating Model to ensure that the structures and processes are organised as efficiently and effectively as possible. Where possible, residents' queries and transactions will be dealt with by generic services supporting the Contact Centre. Only more complex issues would be referred onto professional / technical officers for resolution. There are potential synergies with other internal 'business support' activities, such as IT, HR, and procurement. The back office will be also reviewed to ensure opportunities for more joined up structures and processes.

6.8 Timetable & Next Steps

It is proposed that the Localities, Enforcement and Transport reviews follow the same timescale as the Landlord project. This will mean new structures and reporting lines being in place for June 2010.

7 Financial Implications

At this stage, it is anticipated that the restructure in the first instance will be funded from within existing resources. Once the Council's new operating model and other BID methodologies are applied to the functions within the proposed Localities Enforcement and Transport structures over the next few months there should be the scope for delivering significant efficiency savings. The overall quantum of these savings will be reported back to Cabinet at a later date once the detailed structure and processes within the new function are developed.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?
To provide a more focussed streamlined operation for the benefit of residents of the Borough

Consultation Carried Out or Required
None required

CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance have reviewed the report and its recommendations and are satisfied that the financial implications of the proposals are correctly stated in the financial implications section of the report.

Corporate Human Resources

If agreed, the report will trigger a formal consultation to appoint a Director for the newly formed Directorate. Work will then continue on more detailed proposals for the structure of a new communities related Directorate. Following completion of this work the remainder of staff potentially affected by these proposals will go through a formal consultation process.

Legal

Recommendation five of the report authorises officers to start recruitment/redeployment to a Director post to head up a new Communities based Directorate. It is important that the Council follows its own defined HR practices and procedures together with observing established employment law principles as part of this process in order to safeguard its position

BACKGROUND PAPERS

January 2010 Cabinet report on Localities, Enforcement and Transport.

COUNCIL BUDGET - MONTH 11 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	The report sets out the council's overall 2009/10 revenue & capital position, as forecast at the end of Month 11 (February). The in year revenue position on normal activities is forecast as being £958k less net expenditure than budgeted, a favourable movement of £1,017k on the Month 10 position. Exceptional items have a favourable variance of £3,514k, a favourable movement of £1,808k from the previous month. The net consequence to date is that the overall revenue position is now forecast to be £4,976k less net expenditure than the revised budget, a favourable movement of £3,329k on Month 10. Total forecast capital expenditure for the year is estimated to be £83,657k (no change from Month 10), which is £5,190k less than the latest budget.
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. **Notes the forecast budget position for revenue and capital as at Month 11.**
2. **Approves a grant of £45k to P3 to fund further work to help young people in the Borough to be funded from 2009/10 unallocated priority growth.**
3. **Notes the treasury management update in Appendix B.**

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.

2. The Council has been consistently financial supporter of P3 and before that Project 2041 (which merged with P3). The organisation provides a range of services to local young people. At the start of the 2009/10 financial year in addition to its small core funding the Council agreed an additional grant of £40k to P3 to enable the organisation to continue to deliver its Job shop service. As a result of this additional grant P3 were able to secure a long term contract with Job centre plus thereby securing the Job shop service. This further grant will enable the continuation of P3's Navigator and Housing advice services for 2010/11 and give P3 the opportunity to identify alternative sources of funding and therefore avoid the loss of local services.

Alternative options considered

3. There are no other options proposed for consideration.

SUMMARY

A) Revenue

4. The in year revenue position on normal activities is forecast as being £958k less net expenditure than budgeted, a favourable movement of £1,017k on the Month 10 position. This is largely due to favourable movements in Adult Social Care and Education & Children's Services and the assumption that the remainder of unallocated priority growth and HIP contingency will now not be spent in full.

5. Exceptional items have improved by £1,808k since Month 10 as a result of an agreement on asylum funding on over 18's where the weekly amount per client the authority can claim has been increased from £100 to £150 per week. This agreement has been backdated to 1st April 2008 resulting in a receipt of £1,057k for 2008/9 and an estimated receipt of £751k for 2009/10. The net consequence to date is the overall revenue position forecast is £4,753k less net expenditure than the revised budget, a favourable movement of £1,808k on Month 10. The Council is still in negotiation with central government and UKBA regarding the fixed costs associated with being a port authority for children under the age of 18 seeking asylum.

6. The most significant pressures for which contingency provides are in relation to Asylum spend, Transitional Children, Homelessness and Mental Health pressures. At Month 11 total pressures are forecast to be £351k less than the contingency budget provides, a favourable movement of £1,878k from Month 10. This favourable movement is mainly due to the change in the Asylum forecast.

7. Capital financing costs are still forecast to underspend by £120k as a result of debt refinancing work undertaken at the start of the year.

8. 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 additional £694k of balances in excess of the £12,000k target level of balances brought forward into 2009/10 was earmarked for potential business efficiency investment. £400k of this sum has been allocated to assist the Business Improvement Delivery (BID) project through to June 2010. This left £294k which is now being released to

general balances. In addition, balances previously earmarked for Breakspear Crematorium, estimated at £210k, will now also be released back to general balances. The forecast general balances as at 31st March 2010 based on the current forecast underspend of £4,976k are £16,976k. £1,500k of this sum has been used to support the budget in 2010/11 leaving an effective balance of £15,476k as at 1 April 2010.

B) Capital

9. Capital closing has been brought forward this financial year and therefore the focus on capital has been on the year end outturn rather than the Month 11 forecast.

10. Total forecast capital expenditure for the year is estimated to be £83,657k (no change from Month 10), £5,190k less than the latest budget. The projections assume that the remainder of contingency will not be drawn down.

11. The £8,800k budgeted level of capital receipts for 2009/10 will not now be delivered in full. Receipts are now likely to be in the region of £1,200k due to the rephasing of sales into the next financial year when market conditions are expected to improve.

12. The net effect of the reduction in forecast capital receipts and the rephasing on the programme is a forecast use of unsupported borrowing to £29,976k (no change from Month 10). The supported borrowing forecast is currently £3,066k.

A) Revenue

13. 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 £'000	Budget Changes £'000		2009/10 (As at Month 11) Current Budget £'000	2009/10 (As at Month 11) Forecast £'000	Variances (+ adv/- fav) Variance (As at Month 11) £'000	Variances (+ adv/- fav) Variance (As at Month 10) £'000	Variances (+ adv/- fav) Change from Month 10 £'000
217,419	-6,744	Directorates Budgets on normal activities	210,675	209,837	-838	+179	-1,017
-25,844	5,744	Corporate Budgets on normal activities	-20,100	-20,220	-120	-120	0
191,575	**-1,000**	**Sub-total Normal Activities**	**190,575**	**189,617**	**-958**	**+59**	**-1,017**
1,210	0	Exceptional Items - Asylum	1,210	971	-239	+1,569	-1,808
	1,000	In-year recovery savings	1,000	0	-1,000	-1,000	0
	0	Creditors review		-2,275	-2,275	-2,275	0
1,210	**1,000**	**Sub-total Exceptional Items**	**2,210**	**-1,304**	**-3,514**	**-1,706**	**-1,808**
192,785	**0**	**Total net expenditure**	**192,785**	**188,313**	**-4,472**	**-1,647**	**-2,825**
189,245	**0**	**Budget Requirement**	**189,245**	**189,245**	**0**	**0**	**0**
3,540		**Net total**	**3,540**	**-932**	-4,472	-1,647	-2,825
-16,234		**Balances b/f 1/4/09**	**-16,234**	**-16,234**	**0**	**0**	**0**
0		**Transfer to earmarked reserves**	**694**	**190**	**-504**	**0**	**-504**
-12,694	**0**	**Balances c/f 31/3/10**	**-12,000**	**-16,976**	**-4,976**	**-1,647**	**-3,329**

Directorates' Forecast Expenditure Month 11

14. 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 11)	Directorate	2009/10 Forecast (as at Month 11)	Variances (+ adv/- fav)		
					Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
£'000	£'000	£'000		£'000	£'000	£'000	£'000
84,879	-10,069	74,810	Adult Social Care, Health & Housing	74,702	-108	+371	-479
37,274	-4,833	32,441	Environment & Consumer Protection	32,414	-27	+11	-38
57,577	-8,984	48,593	Education & Children's Services	48,395	-198	0	-198
13,810	-4,877	8,933	Planning & Community Services	8,933	0	+24	-24
15,179	22,645	37,824	Central Services	37,824	0	0	0
6,900	-40	6,860	Developments Contingency	6,748	-112	-37	-75
0	0	0	Pay Award	-190	-190	-190	0
1,800	-586	1,214	Growth to be allocated	1,011	-203	0	-203
217,419	**-6,744**	**210,675**	**Sub-Total**	**209,837**	**-838**	**+179**	**-1,017**
			Exceptional items:				
1210	0	1,210	Exceptional pressure: Asylum funding	971	-239	+1,569	-1,808
0	1000	1,000	In-year savings	0	-1,000	-1,000	0
0	0	0	Creditors review	-2,275	-2,275	-2,275	0
1,210	**1,000**	**2,210**	**Sub-Total**	**-1,304**	**-3,514**	**-1,706**	**-1,808**
218,629	**-5,744**	**212,885**	**Total**	**208,533**	**-4,352**	**-1,527**	**-2,825**

15. **Adult Social Care, Health & Housing** are projecting an **underspend of £108k** as at Month 11, a favourable movement of £479k. This is due to favourable movements in Physical & Sensory Disabilities services and Learning Disabilities services which are now forecasting underspends of £162k and £707k respectively. There is also a £225k favourable movement in Housing Benefits due to the finalisation of the 2007/8 claim where a very successful audit outcome was achieved. However, there continues to be significant pressures on Older Peoples Services (£599k) and Mental Health Services (£492k). This forecast excludes sums for which contingency provides for Transitional Children (£1,675k), Mental Health Services (£450k) and Homelessness (£1,300k).

16. **Environment & Consumer Protection** are forecasting an **underspend of £27k** as at Month 11, a favourable movement of £38k. There is still a pressure of £95k in the Street Cleansing service and residual costs and loss of economies of scale on Harlington Road Depot (£169k) net of actions being taken to reduce costs. There is still a pressure being forecast in the Street scene locality team due to the enhanced scheme activity and now an increased pressure in Off-Street Car parking (£97k) due to the adverse impact from the

severe winter weather conditions. Savings are forecast in Waste Disposal (£400k) and Trade waste (£40k) which offset these pressures. 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.

17. **Education & Children's Services** are forecasting an **underspend of £198k** as at Month 11 on normal activities, a favourable variance of £198k from month 10. This is due to the release of funds previously earmarked for redundancy costs as employees have been successfully redeployed elsewhere and due to expected capital recharges from a project now being met by Sure Start grant. The E&CS position excludes the pressure on asylum (£61k) and Exhausted All Appeal cases (£910k) which are being treated as contingency items. The Month 11 forecast for asylum is now £239k less than the contingency budget assumptions due to a backdated agreement on over 18's funding, a favourable movement of £1,808k from Month 10.

18. **Planning & Community Services** are projecting a **nil variance** as at Month 11, an improvement of £24k on Month 10. The movement is due to reduced pressures on staffing costs in Planning & Transportation. The Group position excludes pressures on Development Control (£447k), Building Control (£189k) and Land Charges (£735k) income and Golf (£262k) for which contingency provides. In total there is currently a forecast pressure of £198k on these contingency funded items, a favourable movement of £75k on Month 10.

19. **Central Services** are forecasting a **nil variance** as at Month 11. There are gross pressures totalling £304k within Finance & Resources including an ongoing pressure of £163k on income streams from commercial properties, a shortfall of £56k on income from schools buy back of Facilities Management services and £53k on income from the hire of the Middlesex Suite and a pressure of £31k due to maintaining and keeping secure surplus properties prior to their disposal. These pressures have been netted down by savings totalling £304k.

20. **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 settled on 1% which results in an underspend of around £190k.

21. **Exceptional items:** The forecast underspend on asylum contingency funding is now £239k, an improvement of £1,808k on Month 10 due to a backdated agreement to increase the funding for over 18's. The in-year recovery plan (£1m) and the review of creditor provisions in the balance sheet (£2,275k) remain unchanged from Month 10.

Development & Risk Contingency: **£351k favourable (£1,878k favourable)**

22. £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 budgeted to be met from balances. Table 3 shows the amounts that have been allocated or committed as at Month 11.

Table 3

Development and Risk Contingency *2009/10 allocations:*	**2009/10 Budget** **£'000**	**Agreed** **£'000**	**Forecast as needed** **£'000**	**Variance (+adv / -fav)** **£'000**
Total net contingency at start of the year	**8,110**			
Allocations approved				
Christmas Lights Fund for Town Centres	0	30	30	+30
Commitments:				
General Contingency	500		0	-500
Increase in Transitional Children due to Demographic Changes	1,675		1,675	0
Increase in Mental Health Packages due to Demographic Changes	450		450	0
Homelessness Budget - Reduction in DWP Funding	1,050		1,300	+250
Asylum non-EAA monitoring pressure	660		61	-599
Asylum Exhausted All Appeals	550		910	+360
Waste Disposal Levy	720		732	+12
Cost Pressures on Recycling Service	200		200	0
Vehicle Fuel Monitoring Pressure	85		60	-25
Local Land Charges Income	715		735	+20
Development Control Income	350		447	+97
Building Control Income	108		189	+81
Golf Courses Income	262		262	0
Uninsured claims	450		450	0
Legal Challenges	120		125	+5
Civic Centre Energy Monitoring Pressure	100		0	-100
Provision for Planning Inquiries	75		0	-75
Joint Appointment of Director of Public Health	40		5	-35
Winter Gritting	0		50	+50
Ice Rink	0		60	+60
Alfresco dining area	0		18	+18
Total net contingency	**8,110**		**+7,759**	**-351**

23. A large proportion of the total contingency is expected to be required in full but the reduced pressure on asylum in particular has now resulted in an overall underspend of £351k on the contingency budget. The variance on contingency excluding the exceptional item around asylum is a favourable variance of £112k.

24. The forecast asylum pressure is a favourable movement of £1,808k. This is £239k less than the net sum for which contingency provides (£1,210k). This significant improvement is a result of successful lobbying which has led to the Government agreeing to increase the weekly amount the authority can claim for over 18's from £100 to £150. This agreement has also been backdated to 1st April 2008, providing a further payment of £1,057k for that financial year. The estimated further payment due for 2009/10 is £751k based on the latest estimate of the number of client weeks the authority. The current forecast in Exhausted all Appeals cases is £910k.

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

26. 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 11 they are projected as being £198k more than provided within contingency, a favourable movement of £75k from Month 10. This improvement is due to slightly improved projections for Development Control and Land Charges. Development control income is forecast as a gross pressure of £447k, £97k in excess of that provided for within contingency, an improvement of £72k on Month 10. The main area of pressure is as a result of the limited number of major applications. 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 £20k, a £14k improvement on Month 10. The forecast for building control income is a gross pressure of £189k, £81k above that provided for within contingency and a £11k adverse movement on Month 10.

27. A sum of £85k has also been included in the contingency to cover fuel pressures. At Month 11 it is forecast that £60k will be needed.

28. In addition it is forecast that £450k will be required from contingency for uninsured claims, £200k for the Recycling service, £262k for Golf income, £125k for legal costs (including an additional £5k for NOTRAG), £50k for winter gritting costs, £60k for the ice rink and £18k for the alfresco eating area.

Priority Growth: £203k Underspend (£203k Favourable)

29. £1,500k was included in the 2009/10 budget for priority growth of which £800k was for HIP Initiatives new growth and 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.

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

Table 4

Priority Growth *2009/10 Unallocated Priority Growth at start of the year*	2009/10 Budget £'000	Agreed draw downs £'000	Commitments £'000	Unallocated £'000
HIP Initiatives New budget:	500			
Agreed:				
Angling amenities		10		
Civic pride		30		
Organisation People & Performance - PADA Audit work		6		
Corporate finance		65		
Communications		54		
Heritage		45		
Customer Experience - Hillingdon First		77		
Customer Experience - Integrated booking system		10		
Waste and energy	300	22	278	**0**
HIP Initiatives unallocated balance	**800**	**319**	**278**	**203**
Unallocated non specific growth	700			**700**
Christmas parking concessions		45		**-45**
Accessibility event		5		**-5**
P3 Young people grant		45		**-45**
Highways Maintenance		400		**-400**
Balance of unallocated growth	**700**	**495**	**0**	**205**
Total	**1,500**	**814**	**278**	**408**

31. HIP Steering group have approved £319k of revenue allocations so far this year the detail of which is set out in table 4. This now includes £4k additional for civic pride and £34k for Heritage items approved at March Steering Group. In addition there are pressures of £278k forecast in Waste associated with recycling initiatives.

32. Cabinet agreed to fund £45k of costs associated with Christmas parking concessions for Hillingdon First card holders from the £700k unallocated non specific growth. There is also a recommendation in this report to agree to fund an additional £45k to P3 to fund further work to help young people.

33. There is a provisional allocation from priority growth for £400k to be allocated to enable a £1.1m programme of priority highways maintenance work to be undertaken by the end of March. A survey of road conditions has been undertaken following the recent severe weather and the roads in the most urgent need of repair have been put into a programme of works which will be undertaken by the end of March. As works progress it may be that some of the revenue patching work is more cost effectively dealt with as capital resurfacing works. If this is the case then the financing of that work will be adjusted from revenue to capital at the year end.

34. As at Month 11 there is £203k remaining from the HIP initiatives budget, and £205k of unallocated non-specific priority growth budget. The assumption built into the month 11 forecasts is that the £203k will now not be spent but carried forward in balances but the £205k will be carried forward to potentially fund priority growth in 2010/11. The 2010/11 budget provides £1m of as yet unallocated priority growth as well as the continuation of the HIP contingency budget which has only been spent on one-off items during 2009/10 so will be available again in full during 2010/11.

Corporate Budgets' Forecasts: **£120k favourable (No change)**

35. Table 5 shows budget, forecast and variance now reported on corporate budgets as at Month 11.

Table 5

2009/10 Original Budget	Budget Changes	2009/10 Current Budget (as at Month 11)	Corporate Budgets	2009/10 Forecast Outturn (as at Month 11)	Variances (+ adv/- fav)		
					Variance (As at Month 11)	Variance (As at Month 10)	Change from Month 10
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-1,892	115	-1,777	Unallocated savings	-1,777	0	0	0
9,026	-18	9,008	Financing Costs	8,888	-120	-120	0
3,690	4,572	8,262	FRS 17 Pension Adjustment	8,262	0	0	0
-24,703	0	-24,703	Asset Management A/c	-24,703	0	0	0
-11,965	-93	-12,058	Corporate Govt Grants	-12,058	0	0	0
-25,844	**4,576**	**-21,268**	**Corporate Budgets**	**-21,388**	**-120**	**-120**	**0**

36. Debt financing costs are still forecast to be underspent by around £120k due to debt refinancing work undertaken since the start of the year. A report on treasury management activity is attached at Appendix B.

B) Capital

Background

37. 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.

38. The revised budget is now £88,847k.

Current Year Expenditure

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

Table 6

Groups	Original Budget £'000	Revised Budget £'000	Capital Spend Month 11 £'000	Actual Spend % of Revised Budget %	Forecast outturn £'000	Variance £'000
Adult Social Care, Health & Housing	3,715	5,288	4,204	80%	5,306	+18
Environment & Consumer Protection	8,193	8,781	5,760	66%	8,963	+182
Education & Children's Services	23,613	22,457	10,948	49%	20,606	-1,851
Planning & Community Services	2,351	2,411	1,411	59%	2,456	+45
Finance & Resources	2,576	2,498	1,805	72%	2,892	+394
Deputy Chief Executive	2,125	1,951	655	34%	1,975	+24
Major Construction Projects	29,181	30,222	23,720	78%	29,996	-226
Group Total	**71,754**	**73,608**	**48,503**	**66%**	**72,194**	**-1,414**
Recovery from Contingency					-1,718	-1,718
Programme Contingency	3,196	2,725	0	0%	1,000	-1,725
Contingency	1,500	1,137	0	0%	718	-419
Contingency Total	**4,696**	**3,862**	**0**	**0%**	**0**	**-3,862**
HRA	11,745	11,377	7,840	69%	11,463	+86
Total	**88,195**	**88,847**	**56,343**	**63%**	**83,657**	**-5,190**

40. A summary of the programme for the Major Construction Projects is shown below in more detail:

MCP Group	Original Budget £'000	Revised Budget £'000	Capital Spend Month 7 £'000	Actual Spend % of Revised Budget %	Forecast outturn 2009/10 £'000	Variance 2009/10 £'000
Planning & Community Services Projects	17,682	19,550	16,561	85%	19,678	+128
Education & Children's Projects	9,884	10,132	6,932	68%	9,830	-302
Finance and Resources Projects	15	10	0	0%	10	0
Environment Projects	1,600	430	227	53%	418	-12
Project QS support		100	0	0%	60	-40
MCP Group Total	**29,181**	**30,222**	**23,720**	**78%**	**29,996**	**-226**

41. The overall Capital Programme budget is projecting an underspend of £5,190k as at Month 11. This is detailed in table 6.

42. Actual spend to date is £56,343k, which equates to 63% of the total 2009/10 programme budget with one month left. This is slightly distorted as the school spend is being reported quarterly.

43. There are a number of schemes currently forecasting a potential overspend. These potential overspends total £1,975k, an increase of £221k from the £1,754k forecast in Month 10. This increase relates to a number of pressures being identified including the Library Refurbishment Programme, Improving Information Management project and the Private Sector Renewal Support Grant (PSRSG) for West London Empty Property Grant. There has also been an increase on the projected outturn for Breakspear Crematorium which is funded 33% by the London Borough of Harrow.

44. The funding for pressures being identified is shown in the table below.

Scheme	Funding	Revised Budget £'000	Actual Spend (incl accruals) £'000	Forecast Outturn (Month 9) £'000	Variance £'000
HRA - Long Lane- Mental Health Units	HRA	30	0	28	-2
HRA - Pipeline project	HRA	0	0	8	+8
HRA -Decent Homes Works	HRA	9,972	5,985	10,022	+50
Boxing Club	Council	0	40	41	+41
Manor Farm	Council	0	0	350	+350
C/C Electrical Works	Council	55	381	395	+340
Chrysalis	Council	1,018	575	1,067	+49
Hillingdon Sport & Leisure Centre	Council	8,372	6,918	8,372	-0
Botwell Green Leisure Development	Council	10,391	9,315	10,621	+230
Photovoltaic Cells - Civic Centre Roof	Council /grant	34	35	35	+1
Uxbridge High	Grant/Council/School Contribution	1,247	1,215	1,578	+331
Breakspear Crematorium	Mixed	1,876	2,240	2,240	+364
Civic Centre Boilers	Council	50	53	53	+3
Public Conveniences (ECP other schemes)	Council	185	193	215	+30
Library Refurbishment Programme	Council	1,500	1,009	1,570	+70
PSRSG for WL Empty Property Grant	Grant	1,150	886	1,200	+50
Improving Information Management	Mixed	735	540	795	+60
Total		**36,615**	**29,385**	**38,590**	**+1,975**

45. A proportion of these overspends are schemes that are not fully funded through Council resources e.g. Schools, S.106 etc. In addition where possible Council funded scheme overspends will be funded by virement from other parts of the capital programme within the Group concerned. After taking these factors into account the remaining potential pressure on contingency is £948k. Further work continues to be undertaken to refine the pressure and identify funding options.

Current Year Financing

46. Table 7 shows the financing of both the budget and the expected outturn.

Table 7

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	25,402	8,800	3,379	36,435	10,196	4,535	88,847
Outturn 2009/10	29,976	1,200	3,066	34,896	10,166	4,353	83,657

47. The level of unsupported borrowing forecast as at Month 11 is £29,976k, no change from the previous month. The supported borrowing forecast is reporting no change at £3,066k.

48. The £8,800k budgeted level of General Fund capital receipts for 2009/10 will not now be delivered in full due to market conditions. However, receipts of £1,200k are now projected.

CORPORATE CONSULTATIONS CARRIED OUT

Financial Implications

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

CORPORATE IMPLICATIONS

Corporate Finance

50. This is a Corporate Finance report.

Legal

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

BACKGROUND PAPERS

52. Monitoring report submissions from Groups.

APPENDIX A – Detailed Group Forecasts

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

Revenue: £108k favourable (£479k improvem-ent)

1. The improved position from last month is due to a reduction in the forecast for Learning Disability due to reduced staffing forecasts and reduction in forecast client weeks; and following finalisation of the 2007/08 Housing Benefit of £124m from which the DWP recovered just £32.7k, this has improved this forecast by £225k.

2. The Month 11 report is showing a favourable variance of £108k reflecting a favourable movement of £479k from the Month 10 position. The overall position for ASCH&H is set out in the table below.

Division of Service	Forecast Variance Month 11 £'000	Forecast Variance Month 10 £000	Change from Month 10 £000
Older Peoples Services	+599	+599	0
Physical & Sensory Disability Services	-162	-53	-109
Learning Disability Services	-707	-605	-102
Mental Health Services	+492	+504	-12
Housing Benefits	-375	-150	-225
Housing Need Services	0	0	0
ASCH&H Other Services	+44	+77	-32
ASCH&H - Total	**-108**	**+371**	**-479**

Older People Services: £599k adverse (No change)

3. The primary reason for this adverse position has been reported previously and relates to high demand for nursing and homecare services. The excessive demand reported last month, due to hospital discharges, has been contained and no further pressure is forecast.

4. However in addition to this the demand for nursing and homecare provision remains a pressure which Officers have established isn't necessarily related to new placements but instead is because the number of people no longer requiring residential or nursing care has not fallen as expected.

5. This service is managing a gross budget of £41.7m, received £170k of unavoidable growth, £38k of growth; and a savings target of £1.1m as part of the 2009/10 budget setting process.

Physical Disabilities: £162k favourable (£109k improvement)

6. The favourable movement is as a result of a number of small favourable movements across the service. This service is managing a gross budget of £10.1m, and has a savings target of £100k as part of the 2009/10 budget setting process.

Learning Disability: £707k favourable (£102k improvement)

7. The favourable movement first reported in Month 4 has improved as a result of slippage to the anticipated 'transfer' dates from E&CS relating to transitional children; favourable

movement between the PCT and LBH on funding arrangements for individual clients; and a reduction in the number of clients in residential care. The forecast assumes that the £1.7m corporate contingency held for transitional children is received reducing the gross pressure.

8. This service is managing a gross budget of £31.5m, received £935k of unavoidable growth; and a savings target of £100k as part of the 2009/10 budget setting process.

Mental Health: £492k adverse (£12k improvement)

9. The forecast is primarily unchanged from last month as Officers continue to take mitigating actions to alleviate this pressure which is predominantly related to residential placements.

10. The forecast also assumes that the £450k corporate contingency held for Mental Health Services is received reducing the gross pressure from £954k to £492k reported in this forecast. This service is managing a gross budget of £5.3m, received £208k of unavoidable growth; and a savings target of £25k as part of the 2009/10 budget setting process.

Housing Benefits: £375k favourable (£225k improvement)

11. The service is managing a gross budget of over £138m and at this stage is forecasting an underspend of £375k. The favourable movement now being reported is due to finalisation of the 2007/08 Housing Benefit which has improved this forecast by £225k. Officers can also report a favourable external audit of the 2008/09 claim and are now waiting for the DWP to finalise the claim.

12. The Housing Benefit budget, as reported previously, is experiencing pressure as a result of increased benefit uptake. Benefit applications within the privately rented accommodation area is showing increases of 23% which is now establishing a pattern which will result in a pressure of over £300k. This pressure has been mitigated by additional one-off admin grant funding from DWP and other compensating actions available to the service, which are being actively pursued.

Housing Need Services: Nil variance (No change)

13. Although the budget continues to experience considerable pressure the measures identified to mitigate these pressures continue to be successful. The underlying pressure remains around the level reported in recent months with officers continue to focus staffing efforts to contain expenditure within budget; a nil forecast is being reported as a result. This risk has largely been mitigated through strong management of the Private Sector Landlord (PSL) sector with voids being reduced to less than 2% on approx 1,200 properties. However these efforts to contain the pressure is putting at risk the council's ability to achieve the government's 2010 temporary accommodation target as reported previously.

14. The forecast assumes that the £1.3m corporate contingency held for Homelessness is received. This service is managing a gross budget of £39m and received £550k of unavoidable growth as part of the 2009/10 budget setting process; this budget line includes Homelessness.

Other ASCH&H Services: £44k adverse (£32k improvement)

15. The adverse pressure is primarily due to essential works on Careline (£90k) to enable the switchover of existing equipment from an analogue to a digital signal for which the Council has no discretion.

Housing HRA

16. The HRA has a gross budget of £48.8m. The forecast for Month 11 shows an overall favourable variance of £1,135k, which represents an improvement of £215k from the Month 10 forecast as set out in the table below:

Division of Service	Forecast Variance Month 11 £000	Forecast Variance Month 10 £000	Change from Month 10 £000
HH Ltd: General and Special Services	0	0	0
HH Ltd: Repairs Services	0	0	0
LBH: General and Special Services	-475	-191	-284
LBH: Repairs Services	+52	+52	0
Other Expenditure	-161	-233	+72
Income	-551	-548	-3
In Year (Surplus) / Deficit	**-1,135**	**-920**	**-215**

Hillingdon Homes: Nil Variance (no change)

17. Hillingdon Homes are reporting a nil variance.

LBH General and Special Services: £475k favourable (£284k improvement)

18. The LBH General and Special Services forecast has improved by £284k due to a number of favourable movements. This includes underspends on the Move-On project, which provides incentives for tenants under occupying larger properties to move into smaller properties; reduced staffing costs and lower than expected insurance costs.

Other Expenditure: £161k favourable (£72k adverse)

19. The improved income position has allowed the HRA to replace contingency drawn down earlier this year.

Income: £551k favourable (£3k improvement)

20. The income forecast has of £551k is essentially in line with the M10 forecast.

Environment and Consumer Protection (E&CP)

Revenue: £27k favourable (£38k favourable)

1. At Month 11, the Group is forecasting a favourable variance of £27k, which compares to an adverse variance of £11k as reported at Month 10. The forecast variances are expressed net of any contingency provisions, which are detailed within the report.

Division of Service	Forecast Variance Month 11 £'000	Forecast Variance Month 10 £'000	Change from Month 10 £'000
Street Cleansing	+95	+95	0
Harlington Road Depot	+169	+169	0
Waste Disposal	-400	-300	-100
Trade & Clinical Waste net	-40	-40	0
Off Street Parking Income	+97	+35	+62
Street Scene Locality Team	+52	+52	0
Recovery Plan Savings	0	0	0
E&CP - Total	**-27**	**+11**	**-38**

Contingent Items: Gross Pressure £992k (No change)

2. The Council's 2009/10 contingent budget contains sums relating to the Waste Disposal Levy and 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 recycling activity continues to exceed base budgeted levels, and the position forecasts full use of the contingency. The bulk diesel purchase price has started to increase again during March, but it is expected that this can be covered by the existing forecast contingency requirement of £60k.

Division of Service	Gross Pressure Month 11 £'000	Gross Pressure Month 10 £'000	Change from Month 10 £'000	Contingency £'000	Net Pressure £'000
Waste Disposal Levy	732	732	0	720	+12
Recycling Services	200	200	0	200	0
Vehicle Fuel	60	60	0	85	-25
E&CP - Total	**992**	**992**	**0**	**1,005**	**-13**

Street Cleansing: £95k adverse (No change)

3. The adverse position represents the net forecast across Street Cleansing, Graffiti and Litter Abatement services. The pressure relates to the Street Cleansing service and to activity required to maintain service standards. Management of the service continues to be focused on reducing the pressure whilst maintaining service levels

Waste Services: £440k underspend (£100K favourable)

4. **Recycling Costs:** The overall pressure on Recycling is currently forecast at £517k (last month £517k). The major elements of the variance relate to Gate Fees and recycling bags, reflecting a continuing improvement in recycling performance across both Household and Composting recycling. This position incorporates the full year costs of new initiatives implemented during 2008/09. These are Estates Based recycling, the Blue Sky scheme, Specialist collections and Battery Bank. Income and rebates from recyclable materials have been favourable and have helped to offset the gross cost of the increased recycling activity. There is £200k available in the contingency for Waste & recycling cost pressures that can partially offset this position.

5. **Waste Disposal:** The gross contingency pressure of £732k reflects the actual increase in the 2009/10 Waste Levy confirmed by West London Waste Authority (WLWA) at the authority meeting in January 2009. The Section 52(9) budget was reset as part of the 2009/10 levy setting, however tonnages have continued to show a significant fall throughout 2009/10. The latest provisional tonnages (up to mid-February) confirm a continuing drop, despite an anticipated seasonal increase in January. The underspend has therefore been increased by a further £100k. It is possible that there could be a further significant increase once West London Waste confirm the tonnages for January and February, and if tonnages decrease further in March. This could potentially give some scope to reduce the recycling contingency requirement. The reduced tonnages are also largely reflected across West London Waste Authority's other constituent Boroughs. As a result, there are not expected to be any implications from the Landfill Allowance Trading Scheme (LATS) in 2009/10.

6. **Trade Waste:** The position remains a £70k favourable variance due to overachievement of income. As previously reported levels of business have reduced during 2009/10. This is considered to be a combination of the cumulative impact of price increases linked to the annual increases in Landfill Tax and the economic downturn. Close monitoring and enforcement is currently ensuring that the levels of aged debt are under control. The overachievement on this service has been reduced by the forecast pressure on Clinical Waste explained below, giving a net position of £40k favourable.

7. **Civic Amenity Sites:** A nil variance continues to be forecast across this service area. The position on this service area will continue to be closely monitored in line with variations in activity.

8. **Clinical Waste:** The Council has now taken on the responsibility for the collection and disposal of Clinical waste from residents homes previously undertaken by Hillingdon Primary Care Trust (HPCT), and as required by the Environmental Protection Act 1990. The service transferred during September, and it is forecast that costs will be contained within the estimated impact for 2009/10 of £30k. However in the longer-term this service is vulnerable to client number variations that can affect costs accordingly.

Harlington Road Depot: £169k adverse (No change)

9. The pressure on the depot 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 were implemented during January. The

reported position assumes a favourable part-year impact in 2009/10, however the final extent of this will be largely dependent on rates assessments scheduled for early April.

Off-Street Parking: £97K adverse (£62k adverse)

10. In terms of Car Park income, the expected favourable seasonal variation in the third quarter of the financial year, was evidenced later, and has not been as significant as previous financial years. The economic climate is considered to be a major factor and will have been exacerbated by the severe weather conditions experienced in December and early January. The forecast position reflects the reduced activity as a result of these adverse factors, and assumes a contingency allocation will be made to offset the income reduction due to the free weekend parking over the Christmas period. Management action is being undertaken across the service to try and improve the position including a moratorium on expenditure.

Parking Revenue Account

11. The severe weather conditions have affected Parking Enforcement, with operations having to be suspended at the height of the snow. This is forecast to further reduce the level of penalty charge notice (PCN) income, which has already seen a fall during 2009/10 when compared to previous years. This underlying decrease is consistent with a London-wide trend, attributed partly to economic downturn and a more general increase in compliance levels. It continues to be forecast that a combination of management action and improved performance in the last two months of the financial year will allow the pressure to be accommodated within the ring-fenced Parking Revenue Account. However the reduced level of income means that it is unlikely that there will be any significant unallocated surpluses available for future years.

Winter Maintenance

12. As a result of adverse weather conditions the winter gritting teams worked almost solidly from mid-December to mid-January. By early January the volume of grit used exceeded by 300 tonnes the amount used throughout the whole of the 2008/09 financial year. The current forecast is that as a result of the additional material and manning costs, the service will outturn at approximately £50k over budgeted levels. Contingency has been allocated to meet these additional costs.

Streetscene Locality Team: £52K adverse (no change)

13. There has been increased activity incurred through the delivery of the enhanced Streets Ahead Week of Action scheme which has led to additional one-off costs principally on publicity, printing and promotional activities.

Vehicle Fuel Pressure – contingency item: £25k underspend (No change)

14. The bulk diesel purchase price continues to fluctuate, but has started to move upwards again during March, with the mid-March purchase price at 97p per litre, compared to an average of 93p for January and February. There is an underlying upward trend from industry commentators that will be exacerbated by government duty increases during 2010/11. This is expected to put pressure on the £80k contingency for 2010/11.

15. The current year pressure is estimated to be between £50k and £60k, with the exact sum dependent on the price movements during March.

Education and Children Services (E&CS)

Revenue: £198k Underspend (£198k improvement)

1. The Group is projecting an underspend of £198k as at Month 11, an £198k improvement on the break-even position reported at Month 10. This is due to the release of funds earmarked for redundancy costs as employees have been successfully redeployed elsewhere and due to expected capital recharges from a project now being met by Sure Start grant.

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 11 are summarised in the following table:

Division of Service	Forecast Variance Month 11 £'000	Forecast Variance Month 10 £'000	Change from Month 10 £'000
Schools	0	0	0
Director & Youth Services	0	0	0
Resources, Policy & Performance	-194	-21	-173
Learning & School Effectiveness Service	-4	-4	0
E&CS Central Budget	0	0	0
Children & Families Service	0	+25	-25
E&CS – Total	**-198**	**0**	**-198**

Schools: Nil variance (No change)

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: Nil variance (No change)

6. There has been no major change to the position reported within the service areas.

Resources, Policy & Performance: £194k Underspend (£173k Improvement)

7. The improvement is due to the release of earmarked redundancy costs within the Resource, Policy and Performance team and expected capital recharges to Organisation and Resources services which have now been met by Sure Start Grant.

Learning & School Effectiveness: £4k underspend (No change)

8. There has been no major change to the position reported within the service areas.

E&CS Central Budget: Nil variance (No change)

9. There has been no major change to the position reported within the service.

Children and Families: Nil variance (£25k improvement)

10. This service is reporting a break even position at the end of Month 11, an improvement of £25k from period 10.

Exceptional Items: Asylum Service £971k pressure (£1,808k improvement)

11. There has been a significant improvement in the previously reported pressure of £2,779k for the service for 2009/10. This is a result of successful lobbying which has led to the Government agreeing to increase the weekly amount the authority can claim for over 18's from £100 to £150. This agreement has also been backdated to 1st April 2008, providing a further payment for that financial year of £1,057k. For 2009/10 the in-year position has improved by an estimated £751k as a result of this change. The amount for 2009/10 is based on the latest estimate of the number of weeks the authority is likely to be able to claim.

Planning and Community Services (P&CS) Month 11

Revenue: Nil Variance (£24k favourable)

1. The Group has a draft outturn position that is nil variance, excluding all pressure areas that have identified contingent provisions.

Division of Service	Forecast Variance Month 11 £'000	Forecast Variance Month 10 £'000	Change from Month 10 £'000
Community Safety	-211	-211	0
Arts Service	+75	+75	0
Libraries	0	0	0
Adult Education	0	0	0
Leisure	+125	+125	0
Planning & Transportation	+11	+35	-24
P&CS - Total	**0**	**+24**	**-24**

Contingent Items: £1,633k Gross Pressure (£75k favourable)

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 depress these income streams. 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 11 £'000	Month 10	Change from Month 10	Contingency £'000	Net Pressure £'000
Development Control	+447	+519	-72	+350	+97
Building Control	+189	+178	+11	+108	+81
Land Charges	+735	+749	-14	+715	+20
Golf	+262	+262	0	+262	0
P&CS - Total	**+1,633**	**+1,708**	**-75**	**+1,435**	**+198**

Development Control Income: £447k Gross Pressure (£72k favourable)

3. The forecast for Development Control income is a gross pressure of £447k which has decreased from month 10 by £72k. The net position after the contingency is £97k.

4. The fall in Major applications forecast is now 25% of the previous year. This has improved from the last forecast which showed a 32% drop compared to 2008/09. The Major applications forecast has increased by £66k, due to several minor major fees for sites that were not known about from the pre application process, and therefore not in the forecast.

5. The Minor applications income forecast has remained steady at last month's level, although the numbers of applications for February is marginally below last year's (27applications 2010 versus 30 applications in 2009). The surge in application numbers in January that was significantly in excess of last year has not continued, but is better than the average reduction that has been evidenced so far in 2009/2010.

Building Control Income: £189k Gross Pressure (£11k adverse)

6. The forecast for Building Control income is a gross pressure of £189k. This has deteriorated by £11k and the net position after the contingency is now forecast to be £81k. Income for April to February is down by 12% from the same period in 2008/09.

Land charges: £735k Gross Pressure (£14k favourable)

7. 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 £20k.

8. Not reflected in the forecast yet is the potential impact of the 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 are therefore obliged to allow inspection of this information at no charge. This remains an ongoing issue on which the LGA is leading.

Golf: £262k Gross Pressure (No change)

9. 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) with a further £100k for the variable element relating to the driving range, giving £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: £211k underspend (No change)

10. The position remains underspent by £211k. This is a result of the decision to not commit any further expenditure from the community safety fund, resulting in a £150k underspend. There are also underspends on staffing £41k and £20k on the MPA grant.

Arts Service: £75k Pressure (No change)

11. As previously reported the service is reporting a pressure on its income streams. This is due to range of factors related to the general difficulties arising from the current economic conditions, e.g. cancellation of bookings. Although the service has worked to mitigate these pressures it has not been possible to improve these income streams within Arts.

Libraries: Nil variance (No change)

12. The Library service is currently forecasting a nil variance

Adult Education: Nil variance (No change)

13. The grant allocation for 2009/10 has now been finalised with the LSC and the forecast has been updated to reflect this. There are currently no budget pressures.

14. The national position regarding Adult Education is under review by government and it is likely that the outcome of this will have an implication on the way the service is funded.

Leisure: £125k Pressure (No change)

15. The forecast remains as a pressure of £125k due to the revenue impacts from the delay in the practical completion of Botwell. The indications from GLL are that they are prepared to

annualise the cost of the delay in the opening of Botwell. This is consistent with the treatment that has previously been adopted for the management fee. This will reduce the impact in the current financial year. This has been cautiously estimated to be sufficient to balance out the expectation that the Hayes subsidy saving is now entirely lost for the current financial year. However key to this position will be the date of the satisfactory handover of Botwell and its subsequent opening to the public.

Planning and Transportation: £11k overspend (£24k favourable)

16. The improved position of £12k overspend is due to slippage in the recruitment of a number of planning posts.

17. There are still pressures due to pre-applications income which is linked to the general downturn in the housing market and the subdued activity of developers (see above para. 4 major applications down by 25% in 2009/10 compared to 2008/09).

2009/10 In-year Efficiency Target

18. The Group is currently on target 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, with both the Deputy Chief Executive's Office and the Finance & Resources Directorate projecting a breakeven position.

Finance & Resources: Nil variance (No change)

2. The Finance & Resources Directorate budgets are projecting a breakeven position at Month 10, no change from last month's projections.

3. There are ongoing gross pressures within Corporate Property Services, totalling £304k, as set out below:
   - There is an ongoing pressure on income streams from commercial properties of £163k, due to a number of vacant tenancies in the Warnford Industrial Estate (£107k), 192 High Street, where the premises have remained vacant for a number of months (£37k) and a recent vacant unit that exists in Uxbridge Market (£27k).
   - There is an anticipated shortfall of £53k on income from the Hire of the Middlesex Suite, due to an organisation not renewing its annual hire agreement, and a general slow down in the demand for hiring large sites, especially over the Christmas period.
   - There is an anticipated shortfall of £56k 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 £31k on the cost of maintaining and keeping secure surplus properties prior to their disposal.

4. These pressures are netted down by savings totalling £304k, which relate to the following:
   - The receipt of a rebate from Matrix totalling £210k.
   - Additional income of £24k from leases within the General Corporation Estate.
   - A saving of £70k due to a negotiated reduction in the cost of a number of Civic Centre Service Contracts and the receipt of one off refunds.

APPENDIX B – Treasury Management Report

1. The following information provides an update on the activities on the Treasury function for the month of February 2010.

2. As at 28 February 2010 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: 1.74%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	17.7	46.09	50.00
1-2 Months	0.0	0.00	20.00
2-3 Months	3.0	7.81	20.00
3-6 Months	2.0	5.21	5.00
6-9 Months	0.0	0.00	5.00
9-12 Months	0.0	0.00	0.00
12-18 Months	0.0	0.00	0.00
18-24 Months	0.0	0.00	0.00
Subtotal	**22.7**	**59.11**	**100**
Unpaid Maturities	15.7	40.89	0.00
Total	**38.4**	**100**	**100**

3. With the exception of the as yet unrepaid Icelandic deposits, our deposits are held with UK institutions, which hold, at a minimum, a Fitch AA- long-term credit rating.

4. Deposits are currently held with the following institutions; Santander, Royal Bank of Scotland, Barclays Bank, Lloyds TSB Banking Group.

5. During February fixed-term deposits have continued to mature in line with our cash flow requirements, and any surplus funds were placed in instant access accounts in order to meet near term cash flow requirements.

Outstanding Debt - Average Interest Rate on Debt: 3.86%

	Actual £m	Actual %
PWLB	109.6	69.5
Long-Term Market	48.0	30.5
Temporary	0.0	0.0
Total	**157.6**	**100**

6. There were no natural loan maturities, early debt repayments or rescheduling activities during February. £7m of temporary borrowing was taken to ensure funds were available to cover cash flow commitments during February. These funds were repaid in the same month.

Prudential Indicators

7. There were no breaches of the prudential indicators during February.

Ongoing Strategy

8. Longer-term deposits are already in place so the current strategy will be to ensure short-term balances are placed in instant access accounts to provide liquid funds for March payment obligations.

9. The latest advice on repayment and restructuring of debt is to wait until the PWLB reports on its consultation exercise. It is hoped that a new pricing method will reduce fixed rate new borrowing and repayment spreads. Since the proposed pricing method will have no impact on variable rates the scheduled £15m of replacement variable borrowing was taken in March.

This page is intentionally left blank