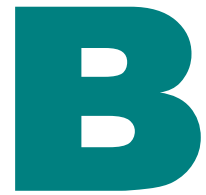




HILLINGDON  
LONDON



# Cabinet

**Date:** THURSDAY, 27 OCTOBER  
2011

**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

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## Councillors in the Cabinet

Ray Puddifoot (Chairman)  
*Leader of the Council*

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

Jonathan Bianco  
*Finance, Property & Business Services*

Keith Burrows  
*Planning, Transportation & Recycling*

Philip Corthorne  
*Social Services, Health & Housing*

Henry Higgins  
*Culture, Sport & Leisure*

Douglas Mills  
*Improvement, Partnerships & Community Safety*

Scott Seaman-Digby  
*Co-ordination & Central Services*

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# 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. The reason for urgency is:

Item 12 – to ensure that the most up-to-date financial information is available;

Items 13 and 14 – to enable the Council to make the necessary contractual decisions to proceed expediently with the expansion of schools in the Borough to ensure sufficient school places are available for local children.

## **Cabinet Reports - Part 1 (Public)**

- |           |  |         |
|-----------|--|---------|
| <b>12</b> | Council Budget - Month 5 2011/12 Revenue and Capital Monitoring Report | 1 - 24  |
| <b>13</b> | Primary School Capital Programme Update                                | 25 - 36 |

## **Cabinet Reports - Part 2 (Private and Not for Publication)**

**14** Primary School Capital Programme Update

37 - 40

*The report listed above in Part 2 is not made public because it contains exempt information under Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it.*

## COUNCIL BUDGET - MONTH 5 2011/12 REVENUE AND CAPITAL MONITORING

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

### HEADLINE INFORMATION

<b>Purpose of report</b>	The report sets out the Council's overall 2011/12 revenue & capital position, as forecast at the end of Month 5 (August). The in-year revenue position is forecast as an underspend of £2,189k. Total capital expenditure for 2011-15 is forecast to be £3,577k lower than the revised budget, with a forecast underspend in 2011/12 of £29,705k.
<b>Contribution to our plans and strategies</b>	Achieving value for money is an important element of the Council's medium term financial plan.
<b>Financial Cost</b>	N/A
<b>Relevant Policy Overview Committee</b>	Corporate Services and Partnerships
<b>Ward(s) affected</b>	All

### RECOMMENDATIONS

That Cabinet:

1. Note the forecast budget position for revenue and capital as at Month 5
2. Note the treasury update at Appendix B
3. Approve the retaining of agency staff as detailed in Appendix C
4. Approve the allocation of £20k from Priority Growth to fund Gold Bursaries
5. Approve the virement of £50k of Council Resources from Chrysalis to the part Section 106 funded Western View Project
6. Approve the virement of £80k of Council Resources from Manor Farm Stables to Winston Churchill Hall Refurbishment

### 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 4 seeks to apply £20k funding from priority growth for the award of gold sports bursaries to 6 borough residents who already are or expect to represent Great Britain or England in their chosen sport. This £20k funding for gold bursaries is in addition to the funding for bronze and silver bursaries of £27k which is already provided for from within the base budget.
3. Recommendation 5 seeks to apply Chrysalis funding to maximise opportunities arising from the use of Section 106 contributions at Western View.
4. Recommendation 6 seeks to direct Council resources towards current priorities within the Capital Programme.

### **Alternative options considered**

5. There are no other options proposed for consideration.

## **SUMMARY**

### **A) Revenue**

6. The in year revenue monitoring position as at Month 5 (August) shows that forecast net expenditure for the year 2011/12 is £2,189k less than the budget, which represents an improvement of £809k on Month 5. There is a £189k forecast underspend on directorate budgets comprising a pressure of £996k (£326k favourable) in SCH&H, offset by a £52k underspend (£135k favourable) in PEECS, a £882k underspend (£246k favourable) on contingency and a £252k underspend (£102k favourable) in Central Services. 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.
7. Although the budget position is showing a healthy underspend at this point in the year there are significant budgetary risks remaining. The Government consulted over the summer on potentially further top-slicing local authority revenue support grant to fund a national shortfall in funding for Academy schools. The consultation indicated that they were considering applying this top-slice in the current financial year as well as ongoing. If the Government went ahead with top-slicing in-year this could worsen the current year's budget position by up to £1.3m.
8. 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 £17,418k as a result of the budgeted drawdown from balances (-£1,793k) and the forecast in-year underspend (£2,189k).

### **B) Capital**

9. Forecast General Fund capital expenditure for 2011/12 is £65,224k, from a revised budget of £94,929k. The majority of this variance relates to expected rephasing of £27,483k Council Resourced expenditure into 2012/13 (Month 4 £21,827k).
10. The Council Resourced programme for 2011-15, consisting of current projects and future programmes of works, is currently reporting a net pressure of £407k (Month 4 £751k), consisting of £3,073k pressures and £2,666k of unrequired budget (full details in table 7). £4,000k of unallocated contingency remains in the Capital Programme over this period.

11. General Fund Capital Receipts for 2011/12 are projected to be lower than that forecast for the approved budget, with £6,591k expected from an approved budget of £21,319k. The associated revenue impact is mitigated in the short term by significant rephasing of capital expenditure; however the current forecast shortfall of £8,148k over the period 2011-15 will result in an increased call on Prudential Borrowing above the level included in the approved capital programme.
12. Latest forecasts on the HRA capital programme indicate a 2011/12 outturn of £13,408k (Month 4 £13,817k) from a revised budget of £15,122k. The reported variance consists of £1,006k underspend and £708k relating to a rephasing of expenditure into 2012/13.

## 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**

2011/12 Original Budget	Budget Changes		2011/12 (As at Month 5)		% Var of budget	Variances (+ adv/- fav)		
			Current Budget	Forecast		Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
			£'000	£'000		£'000	£'000	£'000
239,453	-2,281	Directorates Budgets on normal activities	237,172	236,983	0%	-189	+620	-809
-42,915	2,281	Corporate Budgets on normal activities	-40,634	-42,634	5%	-2,000	-2,000	0
<b>196,539</b>	<b>0</b>	<b>Total net expenditure</b>	<b>196,539</b>	<b>194,350</b>	<b>-1%</b>	<b>-2,189</b>	<b>-1,380</b>	<b>-809</b>
<b>-194,746</b>	<b>0</b>	<b>Budget Requirement</b>	<b>-194,746</b>	<b>-194,746</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>1,793</b>	<b>0</b>	<b>Net total</b>	<b>1,793</b>	<b>-396</b>		<b>-2,189</b>	<b>-1,380</b>	<b>-809</b>
<b>-17,022</b>		<b>Balances b/f 1/4/011</b>	<b>-17,022</b>	<b>-17,022</b>		<b>0</b>	<b>0</b>	<b>0</b>
		<b>Transfer from earmarked reserves</b>				<b>0</b>	<b>0</b>	<b>0</b>
<b>-15,229</b>	<b>0</b>	<b>Balances c/f 31/3/12</b>	<b>-15,229</b>	<b>-17,418</b>		<b>-2,189</b>	<b>-1,380</b>	<b>-809</b>

## Directorates' Forecast Expenditure Month 5

14. 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 5)	Directorate		2011/12 Forecast (as at Month 5)	% Var of budget	Variances (+ adv/- fav)		
							Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
							£'000	£'000	£'000
326,915	-6,501	320,414	SCHH	<i>Exp</i>	330,454	3%	+10,040	+10,385	-345
-199,190	-1,581	-200,771		<i>Inc</i>	-209,814	5%	-9,043	-9,062	+19
<b>127,724</b>	<b>-8,082</b>	<b>119,642</b>		<b>Total</b>	<b>120,639</b>	<b>1%</b>	<b>+996</b>	<b>+1,323</b>	<b>-326</b>
396,479	-10,443	386,036	PEECS	<i>Exp</i>	385,486	0%	-550	-357	-193
-301,269	6,831	-294,438		<i>Inc</i>	-293,940	0%	+498	+440	+58
<b>95,210</b>	<b>-3,612</b>	<b>91,598</b>		<b>Total</b>	<b>91,546</b>	<b>0%</b>	<b>-52</b>	<b>+83</b>	<b>-135</b>
9,511	11,303	20,814	CS	<i>Exp</i>	20,598	-1%	-216	-154	-62
-6,578	-1,890	-8,467		<i>Inc</i>	-8,503	0%	-36	+4	-40
<b>2,933</b>	<b>9,413</b>	<b>12,346</b>		<b>Total</b>	<b>12,094</b>	<b>-2%</b>	<b>-252</b>	<b>-150</b>	<b>-102</b>
11,786	0	11,786	Contingency		10,904	-7%	-882	-636	-246
1,800	0	1,800	Priority Growth		1,800	0%	0	0	0
<b>239,453</b>	<b>-2,281</b>	<b>237,172</b>	<b>Sub-Total Normal Activities</b>		<b>236,983</b>	<b>0%</b>	<b>-189</b>	<b>+620</b>	<b>-809</b>



15. **Social Care, Health & Housing (SCH&H)** are projecting a **pressure of £996k (£326k improvement)**. The Month 5 position is showing a £200k improvement in Children’s Services due management action being taken to improve pressures previously reported and the Foster Care recruitment drive. Older people’s services are also forecasting an improvement of £126k due to a lower demand for Homecare.

16. **Planning, Environment, Education & Community Services (PEECS)** are forecasting a **favourable variance of £52k (£135k improvement)**. The favourable movement mainly arises from a forecast underspend in Youth & Connexions due to posts being held vacant pending the BID review and an improvement in the Access & Inclusion underspend. This is partially offset by the Carbon Reduction Commitment (CRC) charge to DSG now being shown as an underspend on contingency.

17. **Central Services (CS)** is forecasting a **£252k favourable variance (£101k improvement)** as at Month 5 largely arising from a staffing underspend as the restructure of services are implemented as part of the BID programme.

**Progress on the delivery of 2011/12 Savings**

18. Analysis of progress on the implementation of savings proposals included in the 2011/12 budget continues to indicate that 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 September	Total August
Blue (banked)	2,543	7,134	7,578	954	18,209	15,818
Green (on-track)	65	3,005	1,815	300	5,185	5,973
Amber (some Slippage or risky Project at an Early stage)	26	959	1,676	0	2,661	4,263
Red (serious Delivery problems)	0	933	300	0	1,233	999
Redundancy costs		-712	-338		-1,050	-1,050
<b>Total</b>	<b>2,634</b>	<b>11,319</b>	<b>11,031</b>	<b>1,254</b>	<b>26,238</b>	<b>26,238</b>

19. The projected shortfall on those savings classed as red is currently estimated at £1,233k (4.7% of total savings) an increase of £300k on last month arising from the reclassification of the shortfall in savings in SCH&H relating to the re-provision of in-house services. A breakdown of these projects is shown in the following table:

Group	Proposal	£000s
PEECS	Corporate Landlord	98
	Youth & Connexions review	687
	Decommission Extended Services Function	148
SCH&H	In House Services – Learning Disability	200
	In House Services – Older people’s Services	100
<b>Total</b>		<b>933</b>

20. An additional £2,391k of savings has now been classified as banked during September, giving a banked total of 69.4% of the total savings. The change in presentation of the savings tracker from this month to identify the split for each savings initiative between banked, on track, some

slippage or risk, and serious delivery problems allows for a more accurate assessment of each project. This has resulted in a decrease in the quantum of savings classified as amber. Within SCH&H an increase in banked savings of £1,308k is due to the achievement staffing savings from the implementation of the Reablement restructure £740k, £400k from the completion of review of Looked After Children's costs and £170k through the negotiation of reduced prices for external home care by the West London Alliance. In PEECS, in addition to the increase in banked savings of £610k, the presentation change had made a significant impact with savings now being shown as green rather than amber, and in Central Services there has been an increase in banked savings of £641k.

**Development & Risk Contingency: £882k underspend (£246k favourable)**

21. £11,786k of potential calls on the Development & Risk Contingency were incorporated into the 2011/12 budget. Table 3 shows the amounts that have been allocated or earmarked as at Month 5. The £246k favourable movement in contingency is as a result of an improved forecast in relation to the underspend in the Carbon Reduction Commitment charge to the DSG now being reported in contingency (-£250k). This is partially offset by a small adverse movement in the Development Control income position (+£4k).

**Table 3**

<b>Development and Risk Contingency</b>	<b>2011/12 Budget</b>	<b>Forecast as needed</b>	<b>Variance (+adv / - fav)</b>	<b>Group</b>
<i>2011/12 allocations:</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Commitments:</b>				
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 (CRC)	460	210	-250	PEECS
Development Control Income	350	448	+98	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 defence	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	1,278	+398	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
<b>Total net contingency</b>	<b>11,786</b>	<b>10,904</b>	<b>-882</b>	

22. 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 £882k. Details of these variances are discussed below.

23. The forecast asylum spend is indicating a pressure of £398k (no change). 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.
24. The forecast for Development Control income is a gross pressure of £448k (£4k adverse) and after the application of the contingency is an adverse variance of £98k. 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 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 £30k, reflecting continuing uncertainty in the housing market.
25. The fuel budget was increased by £108k for 2011/12. However, prices have continued to rise in 2011 and current analysis shows that the 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 £142k and best case scenario of £66k. 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.
26. BID revenue pump priming allocated figure to date is £321k, but at month 5 it is assumed the full £400k allocation will be needed. 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 (no change)**

27. £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**

<b>Priority Growth</b>	<b>2011/12 Budget</b>	<b>Agreed draw downs</b>	<b>Commitments</b>	<b>Unallocated</b>
<i>2011/12 Unallocated Priority Growth at start of the year</i>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>HIP Initiatives New budget:</b>	800			
<b>Agreed:</b>				
Environmental projects		17		
Heritage projects		84		
<b>HIP Initiatives unallocated balance</b>	<b>800</b>	<b>100</b>	<b>0</b>	<b>700</b>
<b>Unallocated non specific growth</b>	1,000			
Ward budget scheme		330		
Gold Bursaries		20		
<b>Balance of unallocated growth</b>	<b>1,000</b>	<b>350</b>	<b>0</b>	<b>650</b>
<b>Total</b>	<b>1,800</b>	<b>450</b>	<b>0</b>	<b>1,350</b>

28. HIP Steering Group have approved £100k of allocations so far this year leaving £700k as yet unallocated within the HIP initiatives budget. September Cabinet also agreed to recommendation to allocate £330k of priority growth to fund a new Ward budget scheme. This

report includes a recommendation to allocate £20k of Priority Growth to fund Gold Bursaries. If this recommendation is approved then £650k of priority growth budget will remain unallocated. However, the Month 5 forecast assumes that the remaining unallocated budgets for both HIP contingency and priority growth will be spent in full.

**Corporate Budgets' Forecasts: £2,000k underspend (no change)**

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

**Table 5**

2011/12 Original Budget	Budget Changes	2011/12 Current Budget (as at Month 5)	Corporate Budgets	2011/12 Forecast Outturn (as at Month 5)	Variances (+ adv/- fav)		
					Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
£'000	£'000	£'000		£'000	£'000	£'000	£'000
-400	400	0	Unallocated savings	0	0	0	0
10,697	-524	10,172	Financing Costs	8,172	-2,000	-2,000	0
			FRS 17 Pension				
-3,322	0	-3,322	Adjustment	-3,322	0	0	0
-35,169	2,875	-32,294	Asset Management A/c	-32,294	0	0	0
			Levy's & other corp				
10,836	-383	10,453	budgets	10,453	0	0	0
-25,556	-87	-25,643	Corporate Govt Grants	-25,643	0	0	0
<b>-42,915</b>	<b>2,281</b>	<b>-40,634</b>	<b>Corporate Budgets</b>	<b>-42,634</b>	<b>-2,000</b>	<b>-2,000</b>	<b>0</b>

30. Financing costs show a forecast underspend of £2,000k at Month 5. 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.

31. Debt financing and investment income remain 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**

32. Table 6 sets out the latest forecast outturn on current General Fund capital projects. Forecasts for future years include live capital projects and programmes of works as included in the draft programmes for 2012/13 to 2014/15 reported to Cabinet and Council in February 2011. Financial implications included within this report do not take into account further programme development yet to be approved by members, impacts of which will be managed through the MTF process.

**Table 6:**

General Fund Capital Programme	2011/12	2012/13	2013/14	2014/15	Total (Mth 5)	Total (Mth 4)
<b>Original Budget</b>	78,907	34,364	29,420	28,305	170,996	170,996
<b>Revised Budget</b>	94,929	34,364	29,420	28,305	187,018	187,018
<b>Forecast Outturn</b>	65,224	62,249	28,663	27,305	183,441	183,782
Council Resourced Variance – see table 7	(29,314)	27,478	(757)	(1,000)	(3,593)	(3,249)
External Grants Variance	(332)	332	-	-	-	-
Other Resources Variance	(59)	75	-	-	16	13
<b>Programme Variance</b>	<b>(29,705)</b>	<b>27,885</b>	<b>(757)</b>	<b>(1,000)</b>	<b>(3,577)</b>	<b>(3,236)</b>

33. Capital expenditure incurred to 31 August 2011 was £9,637k, 14.78% of forecast outturn (Month 4 £7,718k). The £65,224k forecast outturn remains ambitious given levels of expenditure to date, however, project officers' report that significant expenditure is weighted towards quarters 3 and 4.

34. Expenditure profiled for late 2011/12 includes approximately £17m towards Primary School Expansions, a further £8m for other major projects and more than £4m for Council and TfL funded infrastructure works.

35. £403k of Corporate Construction Team project management fees has been incurred to 31 August, representing 7.7% of relevant year to date expenditure. The full year of cost of such fees is forecast to be £967k or 2.9% of latest forecast outturn (2010/11 £858k or 6.4% of outturn).

36. Table 7 below sets out variances against the approved Council Resourced programme, with movements from Month 4 detailed below:

**Table 7:**

Council Resourced Variance	2011/12	2012/13	2013/14	2014/15	Total (Mth 5)	Total (Mth 4)
<b>Pressures:</b>						
Primary School Expansions - Phase 1	-	786	243	-	1,029	976
Primary School Expansions - Rosedale Temporary	-	9	-	-	9	-
Botwell Green Leisure Centre	1,187	-	-	-	1,187	1,187
Farm Barns	26	-	-	-	26	26
Highgrove Pool Phase II	-	500	-	-	500	500
Hillingdon Sports & Leisure Centre	274	-	-	-	274	274
Libraries Refurbishment	48	-	-	-	48	48
<b>Total Council Resourced Pressures:</b>	<b>1,535</b>	<b>1,295</b>	<b>243</b>	<b>-</b>	<b>3,073</b>	<b>3,011</b>
<b>Underspends:</b>						
Primary School Expansions - Phase 1A Temporary	(126)	-	-	-	(126)	-
Laurel Lane (Longmead) Primary School Expansion	(247)	-	-	-	(247)	(247)
Ruislip High School - Expansion	(280)	-	-	-	(280)	-
<b>Suspended Projects:</b>						
Arundel Road Development HIP	(2,013)	-	-	-	(2,013)	(2,013)
<b>Total Council Resourced Unrequired Budget:</b>	<b>(2,666)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,666)</b>	<b>(2,260)</b>
<b>Projected Rephasing:</b>	<b>(27,183)</b>	<b>27,183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Main Programme Variance:</b>	<b>(28,314)</b>	<b>28,478</b>	<b>243</b>	<b>-</b>	<b>407</b>	<b>751</b>
<b>General Contingency:</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>
<b>Council Resourced Variance:</b>	<b>(29,314)</b>	<b>27,478</b>	<b>(757)</b>	<b>(1,000)</b>	<b>(3,593)</b>	<b>(3,249)</b>

37. Expected rephasing of Council Resourced projects has increased to £27,183k (Month 4 £21,454k) with changes to expenditure profiles on a number of projects. Previous expenditure forecasts for 2011/12 for Highgrove Pool and New Years Green Lane Civic Amenity Site are no longer achievable with £3,151k and £1,054k respectively now expected to be incurred early in 2012/13. A further £1,000k of expenditure on Yiewsley Health Centre has also been rephased to reflect the likelihood that construction will commence in 2012/13 at the earliest.
38. Sufficient primary school places have been provided to meet demand for the 2011/12 academic year with temporary provision at four Phase 1A schools and installation of a new 2FE primary school at Rosedale completed on schedule. An underspend of £115k against the combined budget of £3,508k is now expected. Installation of the fifth Phase 1A temporary and additional capacity at Rosedale are planned for summer 2012, alongside permanent expansions at six Phase 1 schools.
39. Additional teaching space required for the new sixth-form at Ruislip High School was completed by September 2011 and an underspend on the project of £280k now expected. As work is continuing on a dining hall expansion, the outturn position is still to be determined.
40. Final contract settlements on Botwell and Hillingdon Sports & Leisure Centres are still pending and forecast pressures arising from the changes to specification of these projects have not changed from Month 2.
41. As specific funding is in place to support a £500k pressure reported on Highgrove Pool, underspends included in table 7 are sufficient to off-set unfunded pressures without an increase in borrowing and associated on-going revenue financing costs.

## Capital Financing

Table 8:

Capital Receipts	2011/12	2012/13	2013/14	2014/15	Total (Mth 5)	Total (Mth 4)
Budget approved February 2011	21,319	21,646	10,851	388	54,204	54,204
Forecast Disposals	6,591	16,029	8,347	15,089	46,056	45,569
<b>Variance</b>	<b>14,728</b>	<b>5,617</b>	<b>2,504</b>	<b>(14,701)</b>	<b>8,148</b>	<b>8,635</b>

42. Forecast capital receipts for 2011/12 have been lowered to £6,591k (Month 4 £9,127k) to reflect the increasing risk that some of the high value receipts scheduled for quarter 4 may be delayed until 2012/13. Only £182k of General Fund capital receipts had been achieved at 31 August 2011.
43. Table 9 summarises forecast prudential borrowing requirement and the future revenue impact of the General Fund 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:**

<b>Prudential Borrowing Forecast</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total (Mth 5)</b>	<b>Total (Mth 4)</b>
Revised Budget	36,114	(9,679)	(2,523)	6,825	30,737	30,737
Council Resourced Variance	(29,314)	27,478	(757)	(1,000)	(3,593)	(3,249)
Capital Receipts Variance	14,728	5,617	2,504	(14,701)	8,148	8,635
<b>Forecast Borrowing</b>	<b>21,528</b>	<b>23,416</b>	<b>(776)</b>	<b>(8,876)</b>	<b>35,292</b>	<b>36,123</b>
<b>Variance</b>	<b>(14,586)</b>	<b>33,095</b>	<b>1,747</b>	<b>(15,701)</b>	<b>4,555</b>	<b>5,386</b>
<b>Future Revenue Impact</b>	<b>(1,021)</b>	<b>2,317</b>	<b>122</b>	<b>(1,099)</b>	<b>319</b>	<b>377</b>

44. Delivery of existing capital projects is expected to bring the Council's total use of Prudential Borrowing since 2004/05 to £78,294k by 2014/15.

45. Current forecasts indicate that rephasing of capital expenditure is sufficient to off-set the impact of reduced and delayed disposals on the Council's borrowing requirement and associated revenue costs until 2012/13. Beyond 2012/13 it is likely that additional borrowing will be required to mitigate the impact of reduced asset disposals, which will be managed through the MTF process.

### **Housing Revenue Account Capital Programme**

46. Table 10 details the latest forecast outturn for the HRA capital programme, which is unchanged from Month 4 with an underspend of £1,006k (Month 4 £1,006k underspend)

**Table 10:**

<b>Housing Revenue Account Capital Programme</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total (Mth 5)</b>	<b>Total (Mth 4)</b>
<b>Original Budget</b>	14,850	2,326	2,150	2,235	21,561	21,561
<b>Revised Budget</b>	15,122	2,326	2,150	2,235	21,833	21,833
<b>Forecast Outturn</b>	13,408	3,034	2,150	2,235	20,827	20,827
HRA Resourced Variance	(1,488)	708	-	-	(780)	(780)
External Grants Variance	(226)	-	-	-	(226)	(226)
Other Resources Variance	-	-	-	-	-	-
<b>Programme Variance</b>	<b>(1,714)</b>	<b>708</b>	<b>-</b>	<b>-</b>	<b>(1,006)</b>	<b>(1,006)</b>

47. Year to date expenditure at Month 5 was £4,642k or 34.62% of latest forecast (Month 4 £3,981k), suggesting that the latest forecast outturn of £13,408k will be achieved.

48. Forecast outturn for 2011/12 has been reduced to reflect rephasing of £500k expenditure on Pipeline Phase 2 projects which are due to commence imminently. It is now expected that this project will be complete by July 2012.

## **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 and Housing (SCH&H)

Revenue: **£996k Pressure** (**£326k improvement**)

1. The month 5 revenue monitoring report for 2011/12 has been compiled following analysis of relevant activity trends and implementation of the MTF £11.4m savings programme. In summary there is an improvement of £326k from the month 4 position resulting in a forecast of £966k pressure as shown in the table below.

Services		2011/12 (As at Month 5)		% Var of budg et	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
		£'000	£'000		£'000	£'000	£'000
Children & Families Services	<i>Exp</i>	+31,653	+31,714	0%	+60	+260	-200
	<i>Inc</i>	-3,651	-3,712	2%	-60	-60	0
	<b>Total</b>	<b>+28,002</b>	<b>+28,002</b>	<b>0%</b>	<b>0</b>	<b>+200</b>	<b>-200</b>
Asylum Services	<i>Exp</i>	+11,895	+11,895	0%	0	0	0
	<i>Inc</i>	-10,851	-10,851	0%	0	0	0
	<b>Total</b>	<b>+1,044</b>	<b>+1,044</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>
Older People's Services	<i>Exp</i>	+37,652	+38,597	3%	+946	+1,072	-126
	<i>Inc</i>	-8,629	-8,886	3%	-258	-258	0
	<b>Total</b>	<b>+29,023</b>	<b>+29,711</b>	<b>2%</b>	<b>+688</b>	<b>+814</b>	<b>-126</b>
Physical & Sensory Disability Services		+8,751	+8,798	1%	+47	+47	0
	<i>Exp</i>						
	<i>Inc</i>	-507	-697	37%	-190	-190	0
<b>Total</b>	<b>+8,244</b>	<b>+8,101</b>	<b>-2%</b>	<b>-143</b>	<b>-143</b>	<b>+0</b>	
Learning Disability Services	<i>Exp</i>	+31,735	+32,133	1%	+397	+413	-16
	<i>Inc</i>	-5,494	-5,690	4%	-197	-213	+16
	<b>Total</b>	<b>+26,241</b>	<b>+26,442</b>	<b>1%</b>	<b>+201</b>	<b>+201</b>	<b>-0</b>
Mental Health Services	<i>Exp</i>	+7,390	+7,435	1%	+44	+47	-3
	<i>Inc</i>	-336	-380	13%	-44	-47	+3
	<b>Total</b>	<b>+7,054</b>	<b>+7,054</b>	<b>0%</b>	<b>-0</b>	<b>-0</b>	<b>+0</b>
Housing Benefits	<i>Exp</i>	+161,640	+167,274	3%	+5,635	+5,635	-0
	<i>Inc</i>	-158,115	-163,498	3%	-5,383	-5,383	0
	<b>Total</b>	<b>+3,525</b>	<b>+3,776</b>	<b>7%</b>	<b>+251</b>	<b>+251</b>	<b>-0</b>
Housing Needs Services	<i>Exp</i>	+12,741	+15,652	23%	+2,911	+2,911	+0
	<i>Inc</i>	-10,021	-12,932	29%	-2,911	-2,911	-0
	<b>Total</b>	<b>+2,720</b>	<b>+2,720</b>	<b>0%</b>	<b>-0</b>	<b>+0</b>	<b>-0</b>
SCH&H Other Services	<i>Exp</i>	+16,957	+16,957	0%	-0	-0	+0
	<i>Inc</i>	-3,168	-3,168	0%	-0	+0	-0
	<b>Total</b>	<b>+13,789</b>	<b>+13,788</b>	<b>0%</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>
<b>Total Expenditure</b>		+320,414	+330,454	3%	+10,040	+10,385	-345
<b>Total Income</b>		-200,771	-209,815	5%	-9,043	-9,062	+19
<b>SCH&amp;H Total</b>		<b>+119,642</b>	<b>+120,639</b>	<b>1%</b>	<b>+996</b>	<b>+1,323</b>	<b>-326</b>

2. Overall there is a fall of £326k from the month 4 forecast for social care due to management action taken in respect of Children & Families Services and Older People's Services.

3. The forecast assumes the full use of contingency available to the department as shown in the table immediately below and that the pressure on Asylum services continues to be funded from the Council's general contingency.

### **MTFF Savings**

4. The group is delivering a savings programme totalling £11.4m and to date has banked £7.6m (67%). At the present time slippage 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: Nil Variance (£200k improvement)**

5. There has been an improvement in the forecast of £200k this is as a result of the management action taken to contain the pressure previously reported and the Foster Care recruitment drive starting to take effect.

### **Older People Services: £688k adverse (£126k improvement)**

6. The £126k improvement in the forecast is in respect of a reduced forecast for Homecare as a lower demand is anticipated when the new Extra Care Service is opened.

### **Housing Benefit: £251k Pressure (no change)**

7. As reported in month 4, the adverse movement in Housing Benefit reflects the 13% increase in caseload since April 2009, which can no longer be accommodated within existing resources. The highest increase is on private tenants which are the more complex claims to administer. In addition, the service is dealing with an added pressure from DWP relating to changes to the Benefit Scheme and additional work necessary to prepare for the move to Universal Credit from 2013.
8. The overall pressure is as a result of 219 out of 258 (85%) applications for HB from the private sector related in Q1 of this financial year which is significantly above the norm which would generally be in the 20 to 30 range.

## Housing HRA

9. The HRA has a gross budget of £59.3m and is forecasting a £522k favourable position at month 5, a marginal improvement from the month 4 position.

<b>Services</b>		<b>2011/12 Current Budget (as at Month 5) £000</b>	<b>2011/12 Forecast (as at Month 5) £000</b>	<b>% Var of budget</b>	<b>Variance (As at Month 5) £'000</b>	<b>Variance (As at Month 4) £000</b>	<b>Change from Month 4 £000</b>
General and Special Services	Exp	+16,930	+16,773	-1%	-157	-114	-43
Repairs Services	Exp	+21,287	+21,126	-1%	-161	-163	+2
Subsidy Payment to Government	Exp	+15,492	+15,482	0%	-10	+25	-35
Capital Funded from Revenue (RCCO)	Exp	+2,384	+2,384	0%	0	0	0
Other Expenditure	Exp	+3,178	+3,235	2%	+57	+72	-15
Income	Inc	-56,796	-57,047	0%	-251	-306	+55
<b>In Year (Surplus) / Deficit</b>	<b>Total</b>	<b>+2,475</b>	<b>+1,953</b>	<b>-21%</b>	<b>-522</b>	<b>-486</b>	<b>-36</b>

## Planning, Environment, Education & Community Services

**Revenue: £52k underspend (£135k improvement)**

10. The Group has a projected outturn position of £52k underspend, excluding all pressure areas that have identified contingency provisions.

Services		2011/12 (As at Month 5)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
		£'000	£'000		£'000	£'000	£'000
Corporate Landlord	<i>Exp</i>	4,913	5,003	2%	+90	+121	-31
	<i>Inc</i>	-4,635	-4,094	-12%	+541	+536	+5
	<b>Total</b>	<b>278</b>	<b>909</b>	<b>227%</b>	<b>+631</b>	<b>+657</b>	<b>-26</b>
Education	<i>Exp</i>	290,848	290,419	0%	-429	-267	-162
	<i>Inc</i>	-252,798	-252,994	0%	-196	-196	0
	<b>Total</b>	<b>38,050</b>	<b>37,425</b>	<b>-2%</b>	<b>-625</b>	<b>-463</b>	<b>-162</b>
Highways, Transportation & Planning Policy	<i>Exp</i>	16,208	16,148	0%	-60	-60	0
	<i>Inc</i>	-6,125	-6,125	0%	0	0	0
	<b>Total</b>	<b>10,082</b>	<b>10,022</b>	<b>-1%</b>	<b>-60</b>	<b>-60</b>	<b>0</b>
ICT & Business Services	<i>Exp</i>	19,082	19,233	1%	+151	+151	0
	<i>Inc</i>	-11,986	-11,986	0%	0	0	0
	<b>Total</b>	<b>7,097</b>	<b>7,248</b>	<b>2%</b>	<b>+151</b>	<b>+151</b>	<b>0</b>
Planning, Consumer Protection, Sport & Green Spaces	<i>Exp</i>	12,116	12,116	0%	0	0	0
	<i>Inc</i>	-3,911	-4,022	3%	-111	0	-111
	<b>Total</b>	<b>8,205</b>	<b>8,094</b>	<b>-1%</b>	<b>-111</b>	<b>0</b>	<b>-111</b>
Public Safety & Environment	<i>Exp</i>	42,869	42,567	-1%	-302	-302	0
	<i>Inc</i>	-14,983	-14,719	-2%	+264	+100	+164
	<b>Total</b>	<b>27,887</b>	<b>27,849</b>	<b>0%</b>	<b>-38</b>	<b>-202</b>	<b>+164</b>
<b>Total Expenditure</b>		<b>386,036</b>	<b>385,486</b>	<b>0%</b>	<b>-550</b>	<b>-357</b>	<b>-193</b>
<b>Total Income</b>		<b>-294,438</b>	<b>-293,940</b>	<b>0%</b>	<b>+498</b>	<b>+440</b>	<b>+58</b>
<b>PEECS Total</b>		<b>91,598</b>	<b>91,546</b>	<b>0%</b>	<b>-52</b>	<b>+83</b>	<b>-135</b>

**Corporate Landlord: £631k overspend (£26k improvement)**

1. The key pressures for Facilities Management and Property are outlined below and total £533k.
2. There is a forecast pressure of £270k across facilities management, maintenance and Borough Wide Maintenance budgets, an adverse movement of £40k compared to Month 4. The larger proportion of this is due to a pressure against the income target to sell services to the schools and other externally funded services, 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. The pressure has been 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 for Harlington Road Depot is £163k. The pressure 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. A number of further measures will be explored as part of wider review of Depot Management within the BID process.

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. There is a £98k pressure which relates to the underachievement on the 2011/12 MTFF savings target relating to the corporate landlord staffing review. This represents an improvement of £66k on the Month 4 position, with the restructuring implications now fully reflected in the forecast position.

**Education: £625k underspend (£162k improvement)**

**Schools: *variance not applicable***

7. The Schools Budget is ring fenced and funded from the DSG. Schools' 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 work with the Schools Finance Team and supply recovery plans identifying how they intend to eliminate their deficit. It should be noted that the DSG budgets are completely separate to the General Fund and no interaction between these two funds is allowable.
8. Any underspend or overspend of the Schools Budget in 2011/12 would be carried forward as the schools own balances into 2012/13 and would have no effect on the General Fund.
9. The retained DSG element follows the similar procedure but is carried forward as a whole for the Schools Forum then to decide how to allocate it in 2012/13.

**Youth & Connexions: £457k overspend (£230k improvement)**

10. The Connexions 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 continues to deliver the Connexions service. The youth service is now reporting an underspend of £230k, due to the service having a significant number of staff vacancies, as the service is undergoing a major BID review. These are being held vacant where it does not affect service delivery, and will assist with delivering the 2012/13 full year saving target, as well as providing a one-off in year saving.

**Childcare, Early Years and Children's Centres: £411k underspend (no change)**

11. Part of this service area was previously funded by the ringfenced Sure Start Grant but these budgets have now been incorporated into the base budget. A significant number of these budgets are demand driven and budgets may need to be adjusted to accurately reflect take up.
12. The other part of this service area continues to be DSG funded and includes Hillingdon's three Early Years 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.
13. Children's Centres budgets have been reviewed and are being reduced by 8.4% giving a BID saving of £411k.

**Education Central Budget: £112k underspend (£193 adverse)**

14. 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.
15. 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 revised calculation of PFI credits produces a saving of £310k, an improvement of £60k over the initial assessment of approximately £250k for the current year included in previous reports.
16. The Carbon Reduction Commitment (CRC) allowance costs for the schools emissions are to be charged to DSG, due to the application of a late change in Department of Education regulations. This had previously been counted as a credit against the education central budget, but will now provide an underspend in the Council's contingency where the costs had been initially budgeted, leading to an adverse movement of £253k here due to this presentational change.

**Access & Inclusion: £309k underspend (£125k improvement)**

17. The service is forecasting an underspend of £309k, which is an improvement of £125k from last month's projections. The underspend comprises of £300k in the Educational Psychology service, an underspend of £50k in the Pupil Support Service and an underspend of £44k in the Parent Support Service, where there are a number of vacant posts, netted down by a pressure of £85k relating to 'not school' provision. The Educational Psychology position reflects the bringing forward of savings targeted for 2012/13 in order to cover the shortfall on Connexions savings identified above.

**Highways Transportation and Planning Policy: £60k underspend (no change)**

18. The service is reporting a £60k favourable position, due to the anticipated net savings resulting from a restructure in the Road Safety service, which is included in the MTFE savings assumptions for 2012/13. However, there are some risk areas for the service division, in particular for street lighting the uncertainty around the energy tariffs and their potential increase which may be greater than budgeted inflation.

**ICT & Business Services: £151k overspend (no change)**

**Imported Food: nil variance (no change)**

19. This is a service area where significant income targets were set as part of the MTFE savings programme, which reflected the new levies for catch certificates and perishable food certificates and inspections. It is difficult to assess at this stage if the income targets will be achieved as there is limited historic data to base an analysis on, however current indications of projected outturn are broadly in line with targets, allowing for expected seasonal variations.

**SEN Transport: £151k pressure (no change)**

20. This is an area that has seen significant pressure in the last financial year and as a result growth monies were allocated to support the service for 2011/12. The service is currently reporting a pressure of £151k, there has been an increase of 15 routes since April, the service is endeavouring to minimise the cost impact by consolidating routes wherever possible.

**Planning, Consumer Protection, Sport & Green Spaces: £111k underspend (£111k improvement)**

**Sport & Green Spaces: nil variance (no change)**

21. 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 two 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 on a contract contributing £280k per annum to the Council.

**Planning: £111k underspend (£111k improvement)**

22. There is an in-year surplus of £111k against the income target for Section 106 administration fees due to the conclusion of two large agreements.

23. The greatest risk area for planning concerns the Development Control income streams, which are reported above under the contingency items.

**Public Safety & Environment: £38k underspend (£164k adverse)**

**Waste Services: £90k underspend (no change)**

24. Waste Disposal is forecasting a £90k underspend. The tonnages for the first five months of the year are below the levels anticipated in the variable element of the levy. There is an expectation that this figure could improve as waste tonnages tend to be higher in the first half of the year.

25. Overall the rest of the waste services are reporting a nil variance, with pressures in kerbside recycling assumed to be met from the contingency sum of £150k. The Trade Waste service has increased its fees and has an associated MTFE savings target. The indications from the first five months of the year are that the service has broadly maintained its customer base and the target will be achieved.

**Parking: £100k overspend (£100k adverse)**

26. New parking charges for non-residents were introduced on 31 January 2011, and although these charges have been implemented, there has been a sharp fall in activity levels over the summer. Consequently there is a projected shortfall of around £100k, which is largely attributable to Cedar and Grainges multi-storey car parks in Uxbridge town centre, partly reflecting pressures reported last financial year, and a further reduction in consumer confidence among shoppers in view of the worsening economic outlook. It is anticipated that the Parking Revenue Account will break even. The trends in PCN income and expenditure are similar to the previous financial year.

**Community Safety: £112k underspend (no change)**

27. The underspend is due to a realignment of the funding for police officers from the Housing Revenue Account to reflect activity levels.

**Libraries: £64k overspend (£64k adverse)**

28. There is an underlying pressure across the income streams, currently forecast at £64k which can not be contained within the overall Library budget. This relates to reduced fine income due



to the implementation of on-line renewals, as well as the ongoing trend reduction in demand for audio-visual material.

## Central Services

Revenue: **£252k favourable (Improvement £101k)**

Services		2011/12 (As at Month 5)		% Var of budget	Variances (+ adv/- fav)		
		Current Budget	Forecast		Variance (As at Month 5)	Variance (As at Month 4)	Change from Month 4
		£'000	£'000		£'000	£'000	£'000
Chief Executive/Deputy Chief Executive	<i>Exp</i>	519	513	-1%	-6	-6	0
	<i>Inc</i>	0	0	0%	0	0	0
	<i>Rechgs</i>	-8	-8	0%	0	0	0
	<b>Total</b>	<b>511</b>	<b>505</b>		<b>-6</b>	<b>-6</b>	<b>0</b>
Audit & Enforcement	<i>Exp</i>	1,441	1,415	-2%	-26	-19	-7
	<i>Inc</i>	0	-4		-4	-4	0
	<i>Rechgs</i>	-898	-898	0%	0	1	-1
	<b>Total</b>	<b>543</b>	<b>513</b>		<b>-30</b>	<b>-22</b>	<b>-8</b>
Corporate Communications	<i>Exp</i>	919	825	-10%	-94	-92	-2
	<i>Inc</i>	-27	-26	-4%	1	1	0
	<i>Rechgs</i>	-862	-839	-3%	33	38	-5
	<b>Total</b>	<b>30</b>	<b>-40</b>		<b>-60</b>	<b>-53</b>	<b>-7</b>
Democratic Services	<i>Exp</i>	3,258	3,294	1%	36	29	7
	<i>Inc</i>	-453	-484	7%	-31	-28	-3
	<i>Rechgs</i>	412	412	0%	0	0	0
	<b>Total</b>	<b>3,217</b>	<b>3,222</b>		<b>5</b>	<b>1</b>	<b>4</b>
Finance & Procurement Services	<i>Exp</i>	10,701	10,795	1%	94	147	-53
	<i>Inc</i>	-522	-532	2%	-10	-46	36
	<i>Rechgs</i>	-6,064	-6,064	0%	0	0	0
	<b>Total</b>	<b>4,115</b>	<b>4,199</b>		<b>84</b>	<b>101</b>	<b>-17</b>
Human Resources	<i>Exp</i>	5,148	5,124	0%	-24	-58	34
	<i>Inc</i>	-1,126	-1,136	1%	-20	27	-47
	<i>Rechgs</i>	-3,702	-3,702	0%	0	0	0
	<b>Total</b>	<b>320</b>	<b>286</b>		<b>-44</b>	<b>-31</b>	<b>-13</b>
Legal Services	<i>Exp</i>	1,934	1,978	2%	44	64	-20
	<i>Inc</i>	-152	-129	-15%	23	23	0
	<i>Rechgs</i>	-1,819	-1,819	0%	0	0	0
	<b>Total</b>	<b>-37</b>	<b>30</b>		<b>67</b>	<b>87</b>	<b>-20</b>
Policy & Performance	<i>Exp</i>	4,495	4,255	-5%	-240	-219	-21
	<i>Inc</i>	-114	-142	25%	-28	-9	-19
	<i>Rechgs</i>	-734	-734	0%	0	0	0
	<b>Total</b>	<b>3,647</b>	<b>3,379</b>	<b>0</b>	<b>-268</b>	<b>-228</b>	<b>-40</b>
<b>Total Expenditure</b>		<b>28,415</b>	<b>28,199</b>	<b>-1%</b>	<b>-216</b>	<b>-154</b>	<b>-62</b>
<b>Total Income</b>		<b>-2,394</b>	<b>-2,453</b>	<b>2%</b>	<b>-59</b>	<b>-36</b>	<b>-23</b>
<b>Total Recharges</b>		<b>-13,675</b>	<b>-13,652</b>	<b>0%</b>	<b>23</b>	<b>39</b>	<b>-16</b>
<b>CS Total</b>		<b>12,346</b>	<b>12,094</b>	<b>-2%</b>	<b>-252</b>	<b>-151</b>	<b>-101</b>



**Audit and Enforcement: £30k favourable (Improvement £8k)**

1. This underspend relates primarily to vacant posts within the team, the recruitment to which is planned for later in the year. This will bring the team to full establishment which is important to help ensure that controls are maintained in the Council during this period of significant change.

**Finance and Procurement: £84k pressure (Improvement £17k)**

2. The pressure in finance relates to one-off redundancy costs arising from the BID restructure of the service.

**Corporate Communications: £60k favourable (Improvement £7k)**

3. The favourable movement arises from staff vacancies continuing to be held open following the restructure and a review of the funding strategy for Hillingdon People.

**Democratic Services: £5k pressure (Adverse movement £4k)**

4. Overspends within salaries due to the inability to achieve the MVF as a result of a full establishment, have been reduced by an expected over-recovery of income and various non salary underspends.

**Policy, Performance and Partnerships: £268k favourable (Improvement £40k)**

5. The restructure of the Policy and Performance Team is now complete and set to deliver significant savings. There are also substantial staffing savings within the Partnerships team. These savings will be taken as part of the MTF 2012/13, but provide an in-year underspend in 2011/12. A review of non-salaries spend across the teams has helped to improve the monitoring position this month.

**Human Resources: £44k favourable (Improvement £13k)**

6. A review of recharges within the service has resulted in an improvement to the monitoring position in month 6. There are some pressures remaining within salaries due to the MVF.

**Legal Services: £67k pressure (Improvement £20k)**

7. Salary overspends due to MVF and cover required for maternity leave along with a shortfall in the income target for charges to capital schemes make up this overspend. Vacancy savings have contributed to the improvement this month. 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. As at 31 August 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: 0.92%

	Actual £m	Actual %	Bench-mark %
Up to 1 Month	36.5	33.58	50.00
1-2 Months	3.5	3.22	0.00
2-3 Months	13.9	12.79	5.00
3-6 Months	41.7	38.36	45.00
6-9 Months	0.0	0.0	0.00
9-12 Months	2.0	1.84	0.00
12-18 Months	0.0	0.0	0.00
<b>Subtotal</b>	<b>97.6</b>	<b>89.77</b>	<b>100.00</b>
Unpaid Maturities	11.1	10.21	0.00
<b>Total</b>	<b>108.7</b>	<b>100.00</b>	<b>100.00</b>

2. With the exception of the unpaid Icelandic investments, our deposits are held with UK institutions, which hold at a minimum a Fitch AA- long-term credit rating. Deposits are currently held with the following institutions; Deutsche MMF, Fidelity MMF, Goldman Sachs MMF, HSBC MMF, Ignis MMF, Invesco Aim MMF, PSDF MMF, Barclays Bank, Lloyds TSB Banking Group, Nationwide BS, Royal Bank of Scotland and Lancashire County Council.
3. During August fixed-term deposits continued to mature in line with cash flow requirements. £12m was placed in medium term deposits to enhance investment income. Any other surplus funds were placed in instant access accounts 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	119.85	71.40
Long-Term Market	48.00	28.60
Temporary	0.00	0.00
<b>Total</b>	<b>167.85</b>	<b>100</b>

4. There were no early debt repayments or rescheduling activities during August.
5. There were no breaches of the prudential indicators during August.
6. In order to maintain an element of liquidity for day-to day business operations short-term balances will be placed in instant access accounts as these are yielding a higher rate of interest than those offered on fixed term deposits of up to two months. However, if necessary short-term fixed deposits will be placed to ensure counterparty limits are not breached. When cash flow allows, medium term deposits will be placed to enhance investment income for 11/12.
7. During August outstanding PWLB loans carried premiums and therefore made rescheduling of debt 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 Social Care, Health, and Housing Services

The following agency staff are required to be retained within Social Care and Housing to maintain essential services whilst recruitment is in process or to deliver key improvement projects.

Ref.	Post Title	Start Date	Proposed End Date	2010/11 spend £000	2011/12 Est spend £000	Total Cumulative Spend £000
1	Electrical Services Officer	1-Oct-10	10-Feb-12	22	40	62
2	Interim Lead working on self directed support & personalised budgets	1-Jul-11	28-Feb-12	0	82	82
3	Support Worker (Asylum)	11-May-09	31-Dec-11	38	16	54

### Retaining of agency staff in PEECS

The Delivery Officer is required to be retained within the Corporate Construction Team to provide co-ordinated project management across the corporate construction programme of works including leading on the supported housing programme.

Ref.	Post Title	Start Date	Proposed end date	2010/11 spend £000	2011/12 Est spend £000	Total Cumulative Spend £000
1	Delivery Officer	17-Mar-11	4-Feb-12	0	74	74

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## PRIMARY SCHOOL CAPITAL PROGRAMME - UPDATE

<b>Cabinet Members</b>	Councillor Jonathan Bianco Councillor David Simmonds
<b>Cabinet Portfolios</b>	Finance, Property & Business Services Education & Children's Services
<b>Officer Contact</b>	Boe Williams-Obasi Planning, Environment, Education and Community Services
<b>Papers with report</b>	This report is linked to item 14 which is included within Part 2 of the Cabinet agenda.

### HEADLINE INFORMATION

	<p>Cabinet receives regular update reports to progress the primary school capital programme. Members will be pleased to note that the Council is on track to deliver sufficient primary school places for local children over the short, medium and long term</p> <p>In this report, Cabinet is being asked to note the progress on Phase 1, 1a and 3 and also make decisions to:</p> <ol style="list-style-type: none"> <li>1. Progress with Phase 2 expansions to stage D;</li> <li>2. Delegate authority to Cabinet Members to award contracts for Phase 2A temporary units and;</li> <li>3. Approval additional capital release funds.</li> </ol>
<b>Contribution to our plans and strategies</b>	Investment in primary schools to adequately address the impact of population increase within the Council on existing school places. This project also forms part of the Hillingdon Improvement Programme.
<b>Financial Cost</b>	This report seeks £2,443k capital release to progress provision of temporary primary provision for September 2012 and provides an update on the wider £128m primary school expansion programme
<b>Relevant Policy Overview Committee</b>	Education and Children's Services
<b>Ward(s) affected</b>	All wards will benefit from the primary schools programme.

## **RECOMMENDATIONS**

**That Cabinet:**

- 1. Notes the progress made on phases 1a, 1, 2 and 3 of the primary schools capital programme of works;**
- 2. Instructs officers to progress with Phase 2 expansions detailed in this report to Stage D, within capital released approved at Cabinet on 26 May 2011;**
- 3. Delegates authority to the Leader of the Council and Cabinet Member for Finance, Property and Business Services, in consultation with the Deputy Chief Executive and Director of Planning, Environment, Education and Community Services to place a building contract for Phase 2A temporary units within granted capital release and;**
- 4. Agrees to release £2,443K of capital funds in order to progress recommendation 3 above\*<sup>1</sup>.**

## **INFORMATION**

### **Phase 1 (Permanent Expansions)**

Phase 1 of the Primary School Capital Programme comprises expansion projects at 6 schools. 4 school expansion projects are currently on-site:

- Brookside Primary
- Cranford Park Primary
- Colham Manor Primary
- William Byrd Primary

There has been some slippage moving forward the construction due to a 4 week delay in steel procurement at the outset. This does not present a critical operational issue for the schools, as the space will still be provided ahead of the start of the term it is needed for.

The remaining 2 schools - Grange Park Infant and Junior and Whitehall Infant and Junior - are currently being revisited at the planning application stage following further discussions with the schools involved. The aim is to commence on site with these projects in December 2011/ January 2012.

### **Phase 1A incorporating Rosedale (Temporary Expansion)**

The primary schools within this phase are:

- Belmore
- Glebe
- Harlyn
- Highfield

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\*<sup>1</sup> The Leader of the Council and Cabinet Member can refer to Cabinet their joint delegation to approve all capital release.

- Pinkwell
- Rosedale

Phase 1A of **Rosedale, Harlyn, Highfield, Glebe** and **Belmore** have all now been completed and the schools were fully operational for the start of the new September term.

Planning consent for the temporary classrooms has already been granted for both **Pinkwell** and **Rosedale**. The opening ceremony for **Rosedale** School took place on 6 September with very positive feedback from the school and governing body on programme delivery.

The second phase of the temporary school building will be completed at Rosedale Primary school in September 2012. A new double classroom unit will also be operational at Pinkwell School by September 2012. Planning consent for both schools has already been granted and the tendering exercise to obtain the classrooms will take place in January 2012.

## Phase 2 (Permanent Expansions)

Phase 2 schools considered for permanent expansion were put into three categories (2.1, 2.2 and 2.3) in order of greatest geographical need as set out in **Table 2** below. Detailed feasibility reports assessing their viability for expansion were then completed.

Table 2: Phase 2 permanent expansion – geographical categories

Name of School	Form of Entry Required
<b>Phase 2.1</b>	
Harefield Infant School	0.5
Harefield Junior School	0.5
Harlyn Primary School	1
Hermitage Primary School	1
Highfield Primary School	1
Pinkwell Primary School	1
Rosedale Primary School	2
<b>Phase 2.2</b>	
Glebe Primary School	1
Field End Infant School	0.5
Field End Junior School	0.5
Ruislip Gardens Primary School	1
Wood End Primary School	1
<b>Phase 2.3</b>	
Cherry Lane Primary School	1
Heathrow Primary School	0.5
Hillingdon Primary School	1
Rabbsfarm Primary School	1
West Drayton Primary School	1
<b>Total</b>	<b>15.5</b>

The above 17 schools were consulted, surveyed and presented with design options for expansion. These were discussed and agreed with the schools, including formal acknowledgement of the schools' responses to the recommended design options from the feasibility studies undertaken.

Members will recall in the 28<sup>th</sup> July 2011 Cabinet report, the Education “principles” that would guide such building and expansion projects. These principles were integrated into the recommendations from the feasibility studies. Additional principles, included:

- Works which included extensions to the existing buildings would seek to avoid consequential improvement costs (10% of the construction contract sum) by using unheated extensions where appropriate’
- Provision of facilities exceeding current DfE standards may be proposed to facilitate school support, however any such variations will be subjected to a cost/benefit appraisal and referred to members for approval and;
- The use of a value added criteria to identify how hygiene rooms can be more effectively positioned in extensions or new builds.

**Table 3** below details recommended design options for each of the 17 schools under consideration. The costings associated with this are included in a Part II report on this agenda, so they do not prejudice future procurement exercises. Design options are:

1. **Traditional** – Constructed entirely on site using traditional methods
2. **Component System Build** – Sections of a building are built external and delivered to site as a kit
3. **Volumetric** – The whole building is constructed externally and delivered to site in parts

Table 3: Phase 2 permanent expansion – feasibility study recommendations

Name of School	Form of Entry Required	Year Required	Recommended Design Option	Recommended Construction Method
Harefield Infant School	0.5	2013	Extension of 2 existing classrooms	Traditional
Harefield Junior School	0.5	2013	Extension to existing school to include 2 new classrooms.	Traditional
Harlyn Primary School	1	2013	Standalone Block and major refurbishment	Volumetric
Glebe Primary School	1	2013	New build school; full demolition of old	Component System Build
Ruislip Gardens Primary School	1	2013/4	Standalone Block and major refurbishment	Volumetric
Field End Infants School	0.5	2013	Standalone Block	Component System Build



Name of School	Form of Entry Required	Year Required	Recommended Design Option	Recommended Construction Method
Field End Junior School	0.5	2013	Standalone Block and major refurbishment	Component System Build
Hermitage Primary School	1	2013	Standalone Block	Volumetric
Highfield Primary School	1	2013	Standalone Block and major refurbishment	Component System Build
Hillingdon Primary School	1	2013	Standalone Block and major refurbishment	Component system Build
Rabbsfarm Primary School	1	2013	Standalone Block and major refurbishment	Volumetric
Rosedale Primary School	2	2013	New Primary School	Traditional
Wood End Primary School	1	2013	Standalone Block and major refurbishment	Volumetric
Heathrow Primary School	0.5	2013	Standalone Block and major refurbishment	Volumetric
Cherry Lane Primary School	1	2013/4	Standalone Block and major refurbishment	Volumetric
West Drayton Primary School	1	2013/4	Standalone Block and major refurbishment	Component System Build
Pinkwell Primary School	1	2013	Standalone Block and major refurbishment	Volumetric
<b>Total Phase 2 Permanent Options</b>	<b>15.5</b>			

A key recommendation within this report is for Cabinet to agree to progress the recommended design options listed above on each of these schemes to Stage D within funding previously approved by Cabinet on 26 May 2011. Meetings have been arranged with the schools selected for expansion to provide an update on the Cabinet decision and to discuss the construction programme and how this interfaces with the consultation exercise.

Members should note that of the original 21 schools assessed as part of this phase both **Deanesfield** and **Laurel Lane** have been placed on a reserve list as they have been deemed not suitable at this stage. However, owing to the fluidity of the pupil place figures, it is possible that these or other schools may be approached again should additional places be required. For example, discussions are being undertaken with **Ryefield** and **Charville** over possible future expansion requirements that are still being clarified.

Once approval is given to proceed with expanding the recommended schools, a report will be submitted to the Cabinet Member for Education and Children's Services containing a

recommendation to commence the schools statutory consultation process. A detailed programme is being developed that will encompass the building programme and statutory consultation timetable to identify the critical path for the Phase 2 programme.

## Phase 2 (temporary provisions for September 2012)

Whilst longer-term permanent expansion plans outlined above are moved forward, Cabinet approval is also sought to proceed with interim arrangements and the procurement and construction of temporary classrooms on school sites identified below (see **Table 4**) at cost of £2,600k. It is proposed that refurbished units will be used for temporary classrooms to minimise costs.

Whilst schools are willing to work with the Council to provide additional places, they clearly have concerns regarding year-on-year temporary expansion using temporary accommodation. The key to securing schools' cooperation is a commitment to progressing permanent accommodation.

Table 4 – temporary provision for September 2012

School	Completion Date	Bulge Year	Estimated Cost (£'000)	Additional Construction Comments
Harefield Junior School (Could be contained within existing accommodation)	Sep 12	1		No further action to be taken at present
Pinkwell School (1 Classroom only)	Sep 12	1		New planning permission required
Hermitage School	Sep 12	1		Potential use of music room
Oak Farm Infant School	Sep 12	1	325	Repositioning
Oak Farm Junior School	Sep 12	1	325	Repositioning
Charville School	Sep 12	1	325	None
Cranford Park (bulge year)	Sep 12	1		No action to be taken at the moment.
Rabbsfarm Primary School	Sep 12	1	650	2 x double units
Cherry Lane School	Sep 12	1		Can accommodate within existing space
Rosedale Primary School	Sep 12	1		None
Bourne Primary School	Sep 12	1	325	None
Minet Infant School	Sep 12	1	325	Tight site; may need some repositioning
Minet Junior School	Sep 12	1	325	Tight site; may need some repositioning
<b>Total Phase 2 Temporary Provision</b>		13	<b>2,600</b>	
<b>Previously Released</b>			<b>157</b>	
<b>Release Requested</b>			<b>2,443</b>	

## **Phase 3 (New Schools)**

### *Lake Farm*

Officers are working to progress the proposed new school at Lake Farm. Surveys are being carried out on the site. This information will be combined with the Hillingdon schools brief and sent out to those organisations who have already expressed an interest during the initial procurement process. Once the responses have been returned, they will be analysed and drawn together into a feasibility report that will comment on the sites themselves, and the viability of the different construction options and priced tenders.

It is scheduled to take this decision to Cabinet in early in 2012. This would enable the new school to be ready for a September 2014 intake, assuming there are no delays associated with planning issues.

### *RAF Uxbridge*

The RAF Uxbridge developer VSM is working closely with the Council to share technical knowledge concerning the site. VSM have confirmed they are willing to transfer the school land to the Council early in the development programme.

The current draft of the s106 planning agreement indicates that the Council will be able to choose to start building the school as soon as it gets the land. VSM will make regular payments over the course of the rest of the development programme.

The feasibility exercise as described for Lake Farm (above) will be carried out simultaneously for RAF Uxbridge. Cabinet will receive an update on this in early 2012, along with Lake Farm above and be given the necessary information to make informed choices about the way forward on both sites.

## **Associated school capital projects**

### *Special needs schools*

An exercise is being done to see whether it is viable to use the USAF school at West Ruislip as a special needs school. A cost benefit analysis will be done and presented to the Cabinet Member in due course.

### *Faith Schools*

It is the view of officers that permanent expansion of a local faith school will not be needed in light of the above school expansions. Based on current forecasts, provision of 2fe at Rosedale College and 3fe at Lake Farm would meet projected needs in the central Hayes area. In addition, the preferred scheme put forward by the Archdiocese of Westminster has been assessed as likely to be significantly more expensive than other options.

In the Uxbridge area, pending new provision at the RAF Uxbridge site, there will be a need to seek the agreement of at least one faith school to temporarily expand in order to have sufficient places in the interim (i.e. in addition to Whitehall and Hermitage admitting additional children). It is likely that the Diocesan Board would seek provision of permanent accommodation. A

classroom size permanent extension to the existing building may not cost more than a temporary building on another site.

### *Hermitage Nursery*

Cabinet agreed on 28<sup>th</sup> July 2011 to delegate authority to the Leader of the Council and Cabinet Member for Financial, Property and Business Services to take all the necessary steps to facilitate the relocation of Hermitage Nursery onto the Hermitage School site, and agree the procurement of relevant surveys, a temporary unit to house the nursery and associated ancillary works.

It is currently scheduled and approved to be relocated to the Hermitage Primary school site in February 2012. The old nursery site will be disposed of in 2012/13. Cabinet also agreed to release £300k of capital funds to progress the above relocation.

### *EdVenture Concept*

Cabinet will recall the EdVenture concept, which is a new way of building a flexible school design. It is based on a permanent wide span external shell and core with an adjustable interior comprising modular units and panellised units that can be detached from the shell and easily rearranged and dismantled.

The EdVenture Concept is not appropriate for all locations, as there are some sites for which it will not be acceptable in urban design or planning terms. There are also other building regulation and play space matters to be looked into further. Once the Edventure report has been produced and considered, Cabinet will be updated with the results of the analysis.

## **Financial Implications**

### *Phase 1 (Permanent Expansion)*

Phase 1 projects have been subject to a number of changes between tender and contract award, leading to a current outturn of £21,072k and a pressure of £1,029k against approved budget. Project officers are producing a Cabinet Member Report to detail contract variations accounting for this pressure, however there may be scope to reduce the overspend once revised designs for Whitehall and Grange Park are agreed.

### *Phase 1A incorporating Rosedale (Temporary Expansion)*

Officers are currently in the process of settling and agreeing the final accounts to this phase of works. This final figure will include discounts agreed in the previous cabinet report of May 2011, which is a consequence of the single tender action use of Terrapin as supplier and contractor. Phase 1A projects are expected to be delivered within approved budgets, with a forecast outturn including works at Pinkwell and Rosedale in 2012/13 of £3,391k.

### *Phase 2 (Permanent Expansions)*

Current estimates indicate that the required number of forms of entry for this phase can be provided at a cost of £78,228k, however this will be reviewed following a value engineering exercise and specific Member approval will be sought for projects at each school.

### *Phase 3 (New Schools)*

Cabinet have approved a budget of £340k to develop Lake Farm and RAF Uxbridge projects, which officers currently expect to be spent in full. The total cost of providing two 3FE schools is estimated to be approximately £19m.

### *Overall budget*

In February 2011 Council approved a PSCP budget for 2011/12 of £28,617k, to be funded from a combination of DfE grant, Section 106 contributions and Council Resources. Current forecast outturn against this budget in 2011/12 is £20,017k, which can be fully funded from external resources deferring any revenue impact from the use of Council Resources into 2013/14. As noted above, there is a net pressure of £912k on live PSCP projects which will ultimately be funded from additional prudential borrowing. This variance consists of a £1,029k pressure on Phase 1 and £117k under spend on Phase 1A.

Recommendation 2 seeks authority to proceed to stage D with the schools named above within existing capital release of £2,252 granted at July Cabinet. There are no additional financial implications arising from this recommendation, however members should be aware that any costs incurred on feasibility for schemes which are not expected to proceed in future would become a pressure on revenue budgets.

Recommendations 3 and 4 seek delegated authority to procure and grant capital release for mobile units to meet demand for places in September 2011 at a cost of £2,600k. This investment is primarily intended to address 'bulge' requirements and ensure sufficient places are available in advance of permanent expansions being completed. This expenditure is expected to take place during 2012/13 and be funded by a combination of Council Resources, DfE grant and Section 106 contributions as detailed below.

### *Programme Overview*

Table 5 summarises the latest forecast outturn on all PSCP projects to meet anticipated demand for 26.5 additional forms of entry by September 2014, including the revised expenditure forecasts for Phases 2 and 2A detailed in this report. There remains a significant risk of further movement in forecast outturn as a result of changing pupil number forecasts, in addition to other key risks around procuring construction contracts and continuing levels of DfE funding.

Table 5:

	2010/11	2011/12	2012/13	2013/14	2014/15	Total	Permanent FE	Temp. Units	Target Date
<b>Minor Works</b>	559	295				854			Sept 2010
<b>Phase 1</b>	1,080	14,158	5,591	243		21,072	6.0		Sept 2012
<b>Phase 1A</b>	10	2,596	785			3,391		7.0	Sept 2011
<b>Phase 2<sup>1</sup></b>		2,439	54,101	21,203	785	78,528	14.5	(2.0)	Sept 2013
<b>Phase 2A</b>		157	2,443			2,600		8.0	Sept 2012
<b>Phase 3<sup>2</sup></b>		340	616	12,814	5,355	19,125	6.0		Sept 2014
<b>Phase 3A</b>				1,300	1,300	2,600		8.0	Sept 2013/4
<b>Total Expenditure</b>	<b>1,649</b>	<b>19,985</b>	<b>63,536</b>	<b>35,559</b>	<b>7,440</b>	<b>128,170</b>	<b>26.5</b>	<b>21.0</b>	
<b>DfE Grant</b>	1,649	17,373	12,290	11,560	1,973	44,845			
<b>Section 106 Council Borrowing</b>	0	2,612	2,971	7,262	2,408	15,253			
<b>Total Financing</b>	<b>1,649</b>	<b>19,985</b>	<b>63,536</b>	<b>35,559</b>	<b>7,440</b>	<b>128,170</b>			

<sup>1</sup> Phase 2 includes £300k for Hermitage Nursery

<sup>2</sup> Forecast cost for Phase 3 includes the partially Section 106 funded RAF Uxbridge project

Confirmation of grant funding for 2012/13 onwards is yet to be confirmed by the DfE, with indications that allocations will be published in December/January. Financing forecasts for this programme assume levels of grant funding continuing at a comparable level to 2011/12 as announced by the department in July 2011.

Current estimates included in Table 5 indicate that Council Resources of approximately £68m are required to meet demand for school places. On-going revenue financing costs associated with this level of debt (consisting on MRP charges and external interest costs) are expected to be approximately £4.5m, which exceeds the £3m already set aside in revenue budgets to fund this programme. This increased borrowing requirement arises from Phase 2 feasibility studies indicating costs of approximately £5,400k per form of entry, rather than the £3,500k average on Phase 1 projects. Although value engineering options may reduce overall costs, there is still likely to be an additional call on Council Resources unless additional external funding or alternative options for delivery of school places are identified.

## **EFFECT ON RESIDENTS, SERVICE USERS AND COMMUNITIES**

Completion of both the temporary and permanent phases of the programme will result in additional school places needed for local children, which the Council has a statutory duty to provide.

## **CORPORATE IMPLICATIONS**

### **Corporate Landlord**

The Corporate Landlord has authored this report.

### **Corporate Finance**

Corporate Finance has reviewed this updated report on progress within the Primary School Places programme and notes the latest cost projections. The implications for both capital and revenue budgets will be incorporated into the MTF process and with the capital spend

occurring predominantly in 2012/13, the associated revenue financing cost will impact revenue budgets from 2013/14 onwards.

The reduction in projected pupil numbers reported to Cabinet in July 2011 resulted in the projected whole programme cost reducing from £140m to £100m. Following feasibility on phase 2 developments, total costs are now projected to rise to £128m, which in the absence of additional external funding, will see the unsupported borrowing element increase from £40m to £68m with a corresponding increase in associated revenue costs that will require additional resources over and above £3m already set aside within the MTFF.

However, this is based on the assumption that DfE funding will be maintained at levels similar to 2011/12. It is hoped that following The James Review and the recent consultation exercise on school capital, there will be a greater alignment of capital resources to where there are distinct school places pressure. Officers will continue to lobby for direct funding of school places provision rather than relying on setting aside revenue resources to undertake Prudential Borrowing.

## **Legal**

Section 13 of the Education Act 1996 establishes the high-level functions of a local authority in securing education for its area, which it should undertake with a view to promoting high standards and the fulfilment of educational potential for every child and with a view to ensuring fair access to educational opportunity. Section 14 of this Act places local authorities under a general duty to secure sufficient schools for providing primary and secondary education in their area and to have particular regard to securing special educational provision.

The Education and Inspections Act 2006 places new duties on local authorities to promote diversity and increase parental choice in planning and securing the provision of school places. The Act also places an explicit duty on local authorities for the first time to respond formally to parents seeking changes to the provision of schools in their area, including new schools. The proposals set out in this report will help the council to meet its statutory duties.

As far as the proposals to build new primary schools are concerned, the Department for Children, Schools and Families has published a Guide for Local Authorities on Establishing a New Maintained Mainstream School. The Guide contains both statutory and non-statutory guidance on the process which must be followed for opening a new school.

There are also specific statutory requirements for the establishment of any new maintained schools, whether they are to be brand new schools or replacement of existing schools. These requirements do not apply to proposals to re-build a school on its existing site or to transfer an existing school to a new site within 2 miles of the existing site.

The general rule is that if a new maintained school is required, a competition must take place; the Department for Education has advised that this takes approximately 18 months to complete. There are, however, two exemptions to this rule upon which the Council may seek to rely.

Firstly, the Council may wish to explore the possibility of establishing a link with any school in the borough which has already acquired Academy status. The Council could then use the existing Academy sponsor as a vehicle for making an application for a funding agreement and if

this was approved, an Academy Trust could assume responsibility for building a new school which would have Academy status.

Secondly, A Free School can be set up by a suitable proposer in circumstances where there is demand for one from parents. Although the Free School would not be controlled by the Council, the Council could nevertheless support the proposer in its application to the Secretary of State for Education to establish such a school.

Both of the above exemptions would be in line with the Government's proposals, as reflected in the new Education Bill, to have Academies and Free Schools operating throughout the Country.

## **BACKGROUND PAPERS**

Cabinet Report – 28<sup>th</sup> July 2011



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